



JULY

17

1975

President and Prime Minister, Mohammad Daoud, on Thursday afternoon, July 17, opened the national industrial products exhibition.

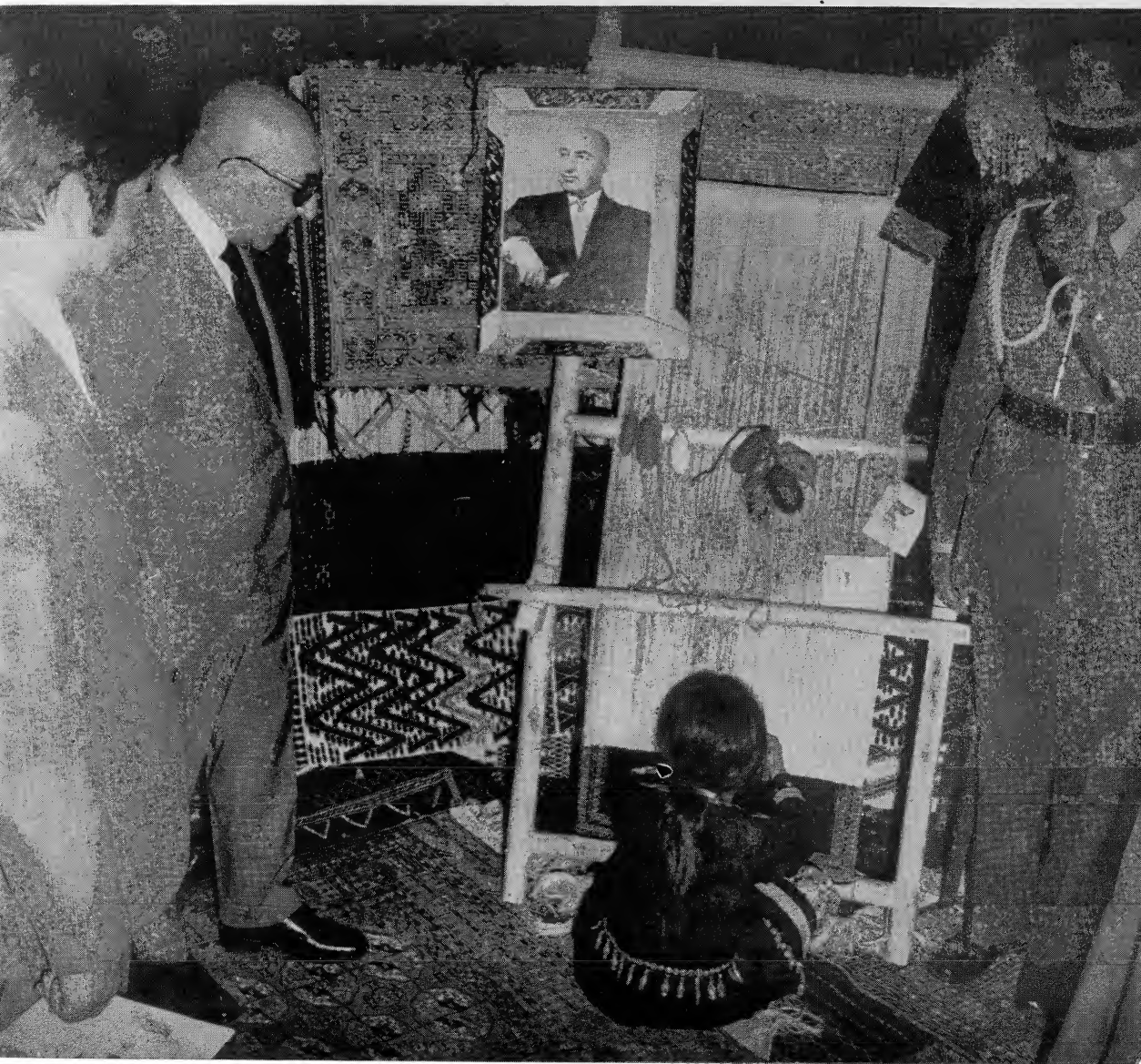
Commerce Minister, Mohammad Khan alalar, in a speech welcomed the President and said the exhibition depicts the progress made by the Republic of Afghanistan during the past two years in various areas of endeavour in the light of the new order.

Jalalard said that in the expansion and development of trade the state's activities, as in other sectors, rest on the principle of national interest, and in the framework of this policy the Ministry of Commerce has tried that foreign and domestic commercial activities are carried out in a manner compatible with economic conditions of the nation. Photos (left and below) show President and Prime Minister Mohammad Daoud in the exhibition.



Carpet—weaving is one of the most popular industries in northern, north-western and western provinces of Afghanistan. The Afghan carpets have large markets in Europe and the United States with an everincreasing demand. The republican government of Afghanistan, realising the fact, makes any effort to improve the quality of the Afghan carpets. To be an skilful weaver, one has to start work at the early age learning all the niceties of the craft.

President and Prime Minister, Mohammad Daoud, at the national industrial products exhibition on July 17. A small carpet-weaver is busy with working on a carpet. The carpet section, at the exhibition, attracted many people.





President and Prime Minister, Mohammad Daoud, accompanied by Information and Culture Minister, Prof. Dr. Nevin, at the cultural exhibition. At the cultural exhibition a number of our historical riches had been put on display showing the splendid past of Afghanistan. The exhibition also included a number of photos of historical sites and items.





President and Prime Minister, Mohammad Daoud, and Mrs. Zainab Daoud attended a reception held on Thursday evening July 17, at Chelsutoon Palace on the occasion of the second anniversary of the founding of the republican regime in Afghanistan. The reception, hosted by the Presidential Office, was also attended by Mohammad Naim, Deputy Prime Minister Dr. Mohammad Hassan Sharq, members of the Central Committee and the Cabinet,

the Chief of Staff, generals of the army of the Republic, high ranking civilian officials. President of the Soviet-Afghan Friendship Society, Antonov, Vice-President of the Arab Republic of Egypt-Afghanistan Society, Abu Shadi, chiefs of missions of friendly states, and heads of artistic troupes of the friendly countries, who were participating in the celebration of the second anniversary of the Republican Order in Afghanistan.

AT CHELSUTOON PALACE

1975

18

JULY



The Leader of the Revolution, President and Prime Minister Mohammad Daoud, on Friday morning, July 18, reviewed a march past and gymnastic show of the students and sportsmen.

The President and Mrs. Zainab Daoud arrived at Ghazi Stadium at 8:30 and were welcomed by Education Minister, Prof. Abdul Qayoum, and high ranking officials of the Ministry. A number of young students presented flowers to the President and his wife.

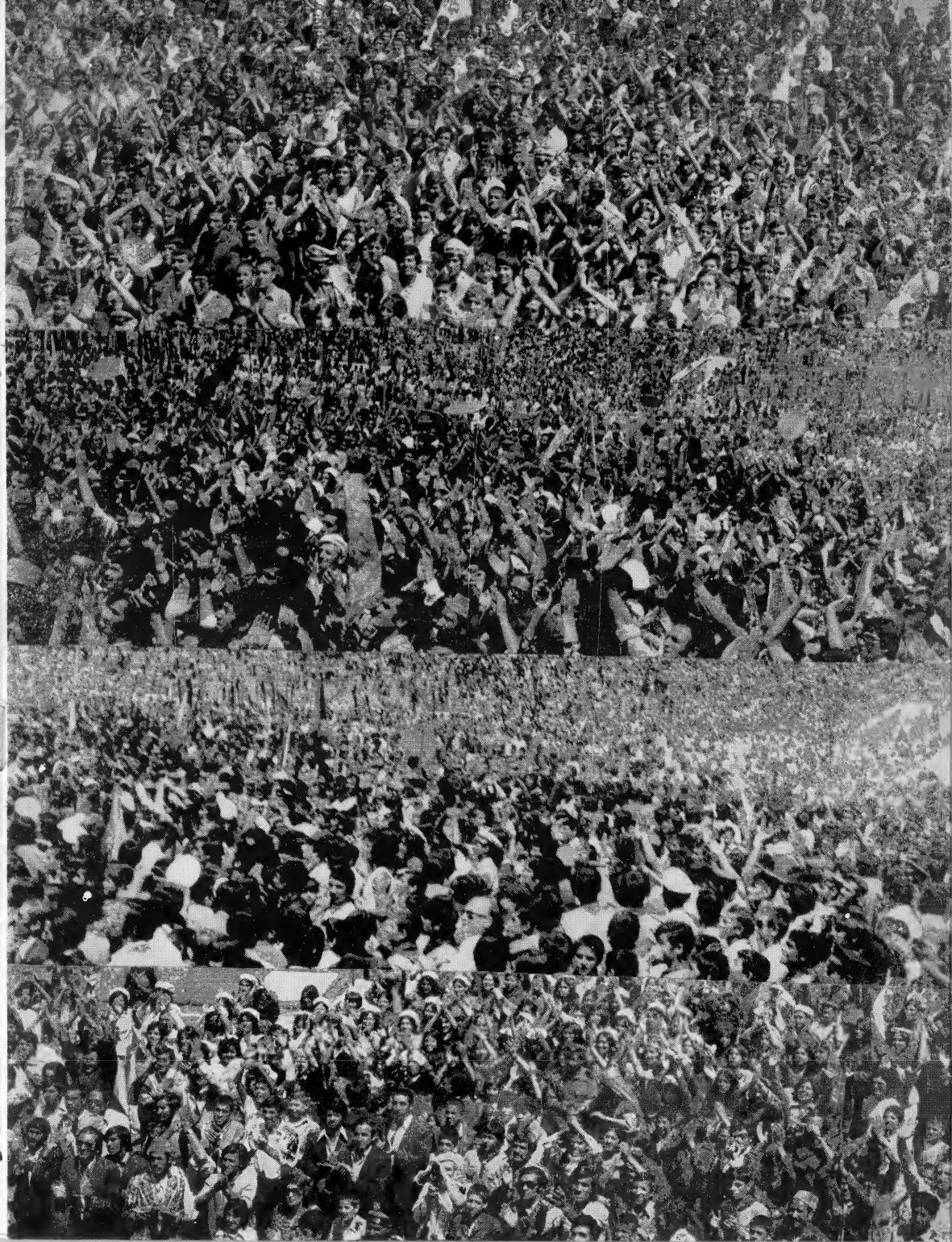
Then the national anthem was played and all the

students included in the parade and spectators stood up and honoured the National Leader.

The arrival of the President was welcomed with enthusiastic shouts of slogans and clappings. Shouts of "Long Live the Leader of the Revolution!" and "Long Live the Republic of Afghanistan!" filled the air.

The parade began with carrying the flag of the Republic before the Presidential reviewing stand.

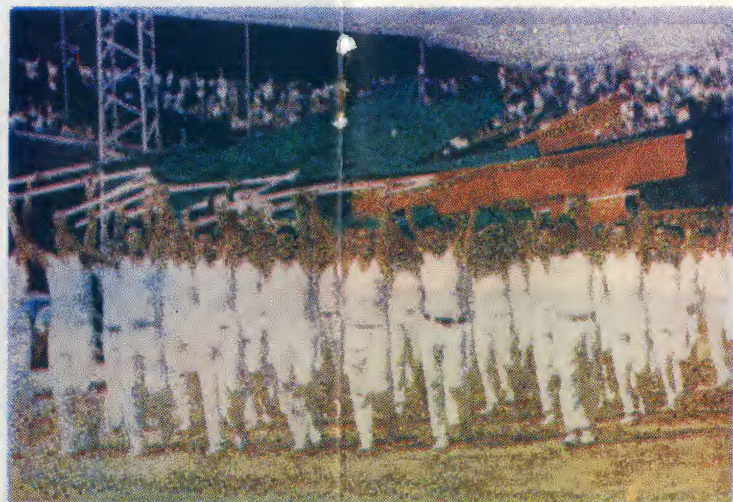
The parade and the show began with releasing of balloons and singing of the Republican songs.





The Leader of the Revolution, on July 17, opened the national industrial products exhibition and watched the exhibits put on display at the exhibition. The photo shows a carpet - weaver woman presents explanations on her works to the President and Prime Minister.

A number of the parading students perform an interesting show with flags at Ghazj Stadium, on July, 17, while passing before the Presidential reviewing stand.



A group of girls with their fantastic national dresses were at the vanguard of the parade at Ghazj Stadium, on July 17. They were followed by sportsmen, university and school students.



Information and Culture Minister, Prof. Dr. Nevin, among the Soviet artists at Paghman, on July 18. They were attending a reception given by the Minister of Information

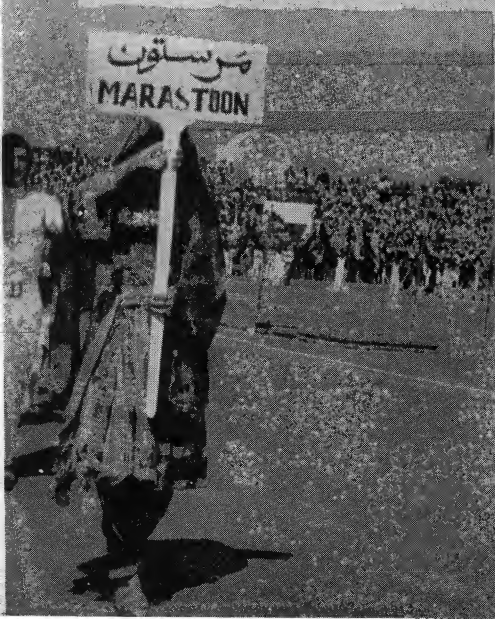
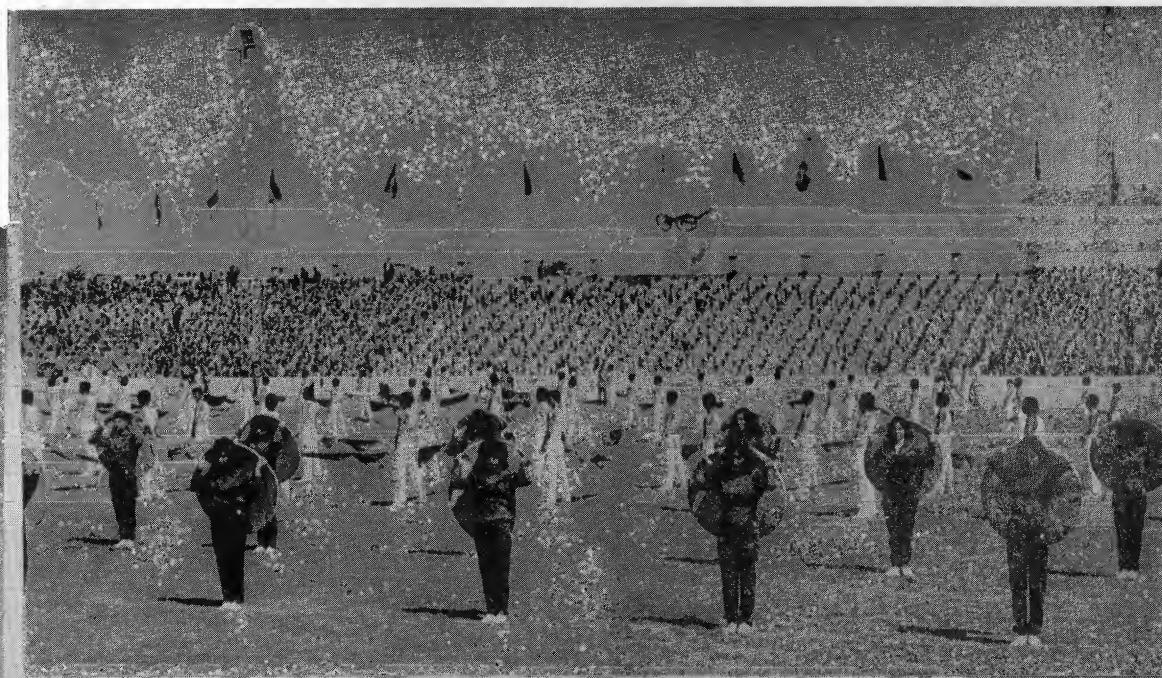
and Culture in honour of the artist troupes of friendly countries taking part in the celebration of the second anniversary of the founding of the Republican Regime in Afghanistan.



Some 6,000 students of colleges and schools, and sportsmen of university, Military Academy, Police Academy, and independent sporting clubs were included in the parade on July 17. Special attraction had the girls wearing beautiful national dresses.



JULY, 18, 1975 JULY, 18, 1975



Summer 1975

ARYANA

(AFGHANISTAN REPUBLIC)

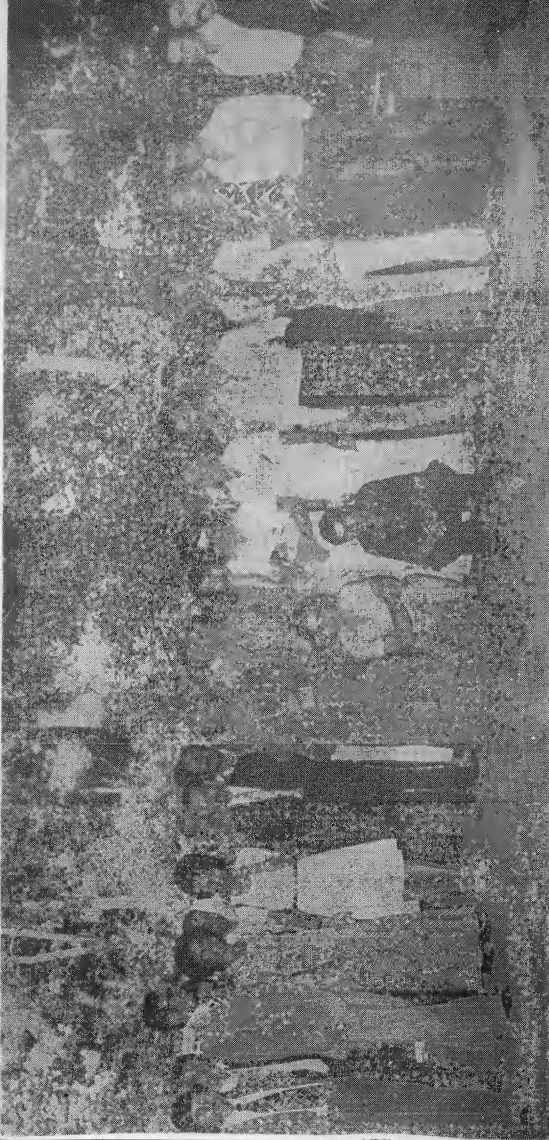


Between a National Leader and his People.

Special Issue



Afghanistan celebrates the second anniversary of the founding of the Republican Regime.



A luncheon reception was given on Friday, July 18, by Information and Culture Minister, Prof. Dr. Nevin in honour of artist troupes of friendly countries who attended the celebration of the second anniversary of the Republic.

The reception, held at Paghman, was attended by some members of the Cabinet, ranking of military and civil officials, some Pushtoonistanis residing in Kabul, ambassadors of Soviet Union and Iran to Kabul and Charge d'Affaires of Indian Embassy in Kabul along with their wives.

The artists of Radio Afghanistan gave a concert at the reception which lasted until 4 p.m. The photo (left) shows Prof. Dr. Nevin among the Iranian artists.

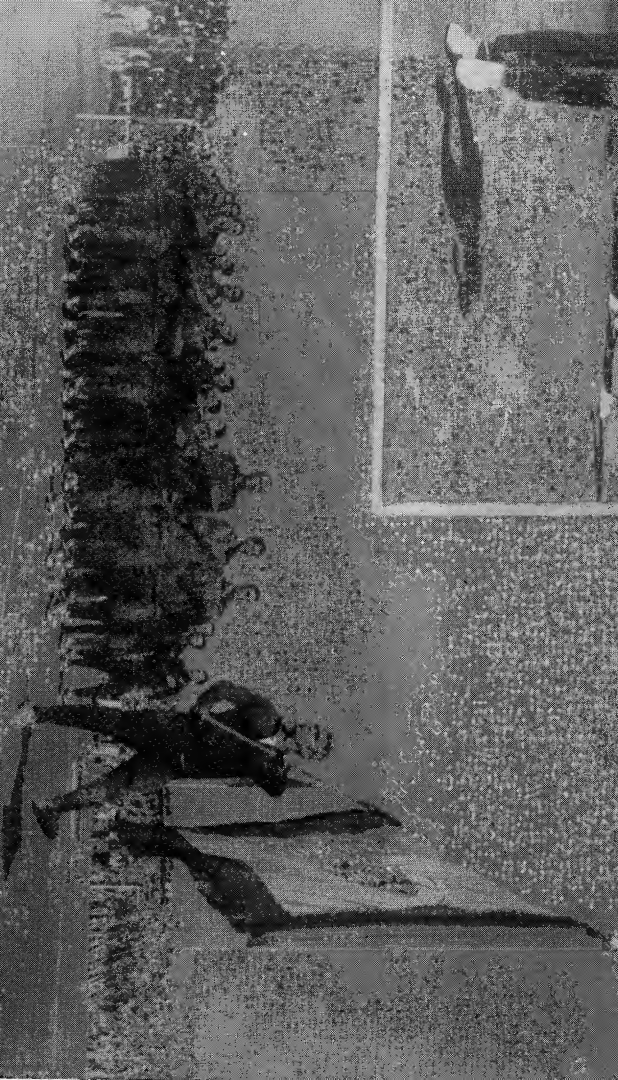
Photo (below) shows a friendly snapshot of the Kabul Youth football team and the Turkish team before the start of the match.

A Friendly Gathering





The Afghan youth and sportsmen parading before the President and people of Afghanistan, at Ghazi Stadium, on July 18. Tens of thousands of people from the capital and provinces watched the parade. Pictures show sportsmen of the Kabul University and the Military Club.





The Kabul city, during the second anniversary of the founding of the republic, witnessed a friendly gathering. Sportsmen and artists from Soviet Union, Iran, Turkey, India came to the capital of Afghanistan to participate in this glorious day of our people.

The Photos show the Turkish football team parading at the Ghazi Stadium (left) and the Iranian football team with the Kabul Selected team snapping friendly (below).

A Friendly Gathering

JULY

18

1975

The Soviet and Turkish football players before the match which took place between them on July 18 at the Ghazi Stadium. The match was won by the Soviet team by four goals to nil. Because of the efforts of both teams, exciting moments were appearing frequently.





Fireworks, during the second anniversary of the founding of the Republic, interested tens of thousands of people. The fireworks were held at Chaman area, and their beautiful

fiery flowers could be seen in the sky from remote places. The Kabul sky was full of different bright colors while the fireworks were going on (above).

The exciting football games attracted an unprecedented interest of people. There was no single room empty during the matches. The picture (below) shows a view of the match

between the Kabul Youth team and the guest team from friendly country Iran.



Following is the text of an interview by Radio Afghanistan reporter with Finance Minister Abdulelah regarding land reforms:

Dear listeners:

In this sensitive historic juncture when great strides are made for raising socio-economic standards for the realisation of the national aspirations, the Government of the Republic of Afghanistan in accordance with its revolutionary policy statement has embarked on land reforms. Since land reforms have a special place in the overall reform programs of the Republic, and require detailed examination, I request Finance Minister Abdulelah who has accepted the invitation of Radio Afghanistan and is in our studio, to review major points of the projected land reforms before answering our other questions.

Finance Minister:

One of the basic characteristics of developing countries is the overriding importance of agriculture in their national economies. More than seventy per cent of the population in these countries is engaged in agriculture. Although arable land, is a major production factor, it will yield no harvest without the power and energy of the farmer.

Hence the farmers, as individuals who give productive value to the land, merit attention. The leader of the revolution in regard to this fact has said in a message: "The majority of the population of our country which so far is an agricultural country is constituted by the farmers and tillers. Hence the Republican State as it has been said time and again reckons service to the masses of the people, which include this category, as a prime duty."

The Republican state besides adopting other measures in the interest of the farmers, who are the producing majority, and for the welfare and raising of their living standards, has embarked on land reforms as a basic transformation in the area of land and agriculture to eliminate inequities, and to ensure

popular welfare for the productive majority.

On the other hand one of the basic measures adopted in developing countries for attaining social and economic progress, and for assumption and consolidation of a national economic policy of self-reliance is elimination of outdated property relationships.

To realise this objective many countries, such as Egypt, Algeria, Iraq, India, Bangladesh etc. have promulgated land reform laws, and have them under application.

As our compatriots know the leader of the Revolution of Afghanistan on the eve of the second anniversary of Saratan 26 Revolution announced the adoption of land reforms, and noted its basic objectives as follows:

Ascertaining the limit of property, elimination of unjust relationships between the farmer and the land owner, and agricultural worker, improvement in conditions of poor farmers with small holdings, increasing income of farmers, and distribution of land to the deserving and landless people, absorption of more active population in the agricultural sector, so far as the capacity of this sector allows, expanding of agricultural extension and research programmes for greater effectiveness of the agricultural sector, ensuring the right of landownership to those who really work on the land, putting greater emphasis on cooperative systems and ultimately raising overall production levels.

As we know, Afghanistan is a developing country, and every developing country has special criteria, and is faced with a variety of large and small problems. The major problems in these countries, however, emanate from relations between social constitution and economic development which breed social and economic injustices, creating obstacles on the way of development and evidently measures must be adopted for transforming such social and economic institutions.

As in our country more

than eighty five per cent of the people are engaged in agriculture, and more than fifty per cent of the gross national income is generated by the agricultural sector, and increasing of agricultural productivity is considered the foundation of economic development of our society, after the triumph of the glorious revolution of Saratan 26, 1352, and opening of a new chapter in the history of our country, the leader of the revolution in his Address to the Nation in regard to basic transformation of the society, especially in regard to land reforms, and transformation in its system and constitution in the country said: "The Republican state of Afghanistan will consider land reforms for the interest of the majority of the compatriots as basic move in its fundamental reform programmes. Co-operatives, and agricultural producers and consumers cooperative farms, with participation of the majority of the farmers and in their interest will be established by the government of the Republic.

The state will build arid lands where possible, and will expand irrigation networks, and will adopt scientific measures for the development of livestocking."

On the basis of this directive of the Leader of the Revolution and in pursuance of the policy statement of the Republic of Afghanistan, in accordance with the land reform law, which has traversed its legislative course, a new relationship is established between landholders and land holding, farmers, and means of production in the country with social, economic and political justice reigning in every area.

Reporter:

In what manner will land ownership be limited?

A. Since greater yields will be acquired when land is at the disposal of the farmer, and he works on the land for raising his income, and living standards without any concern as to exploitation of his energies, limiting of land ownership is a major objective of land reform wh-

LAND REFORMS in Afghanistan

ich is ultimately in the interest and the welfare of the farmer, and economic development of the country. Land ownership is limited in accordance with conditions in the society, nature of the land, and holding percentages and other scientific criteria as follows: A person can hold 20 hectares of orchards, 20 hectares of land on which two harvests are gathered yearly, 30 hectares of land on which one harvest yearly is gathered, 40 hectares of dried farmland.

No one can own more land than what is prescribed above. It must be noted that by person a family is meant.

Q. Can those to whom land is distributed form cooperative societies?

A. Yes, those to whom land is distributed can form cooperative societies, or form joint farms. In such instances necessary measures will be adopted so that new production and social relationships are created in the hamlets. In such a manner small scale production will be changed to volume and modern and mechanised production with just and human relationships. This objective can be achieved when a cooperative spirit comes to being among the people of the hamlets, especially farmers of the country so that through these cooperatives financial, agricultural, protective and financial assistance can be offered to the farmers enabling them to derive a decent livelihood from the land on which he works along with his family, and in this way become in their turn consumers, creating a motive force to economic activities in the domestic markets.

Q. What are the conditions of land distribution, and to whom priority will be given?

A. Besides excess land (in accordance with new ownership limits) acquired from landowners in accordance with the law, lands held beyond the limits prescribed in the deed held by individuals, state lands will also be distributed to deserving landless persons. Land will be distributed to persons in accordance with the law.

(Please turn page)

LAND REFORMS in Afghanistan

ordance with conditions in the locality, climatic conditions, and standards of livelihood, of the family; land will be distributed to the deserving persons to the extent that will allow him and his family to directly engage in agriculture, and to get returns. Of course some other criteria will also be evolved which will be elaborated in the land distribution ordinance. The area of the land distributed will differ from region to region, and from social and economic point of view its extent will be decided so that the farmer and his family can derive a decent living from it, earn greater income from putting surplus production on the market and thus take a part in raising the national income.

Land set aside for distribution will be distributed to persons who are Afghan nationals, and defined mature legally, and who have no land. Priority will be given to those working on the land owned by the landlord now or prior to promulgation of the land reform law and likewise to landless nomads, farmers and agricultural workers, and graduates of agricultural and livestocking vocational schools.

Q. What procedures will be adopted in paying compensation for the acquisition of lands, and collecting the cost of the land distributed to landless?

A. The landowner whose land is expropriated for distribution to deserving persons will be compensated. The price of land for acquisition will be fixed under separate regulations with due consideration to the nature of the land in every region. This price is paid in installments in 25 years to the original owner.

The price of the land that is distributed to the deserving persons is collected in installments in accordance with the law in 25 years or more. A three percent interest on the price of the land will also be collected for meeting development and administrative expenditures.

Q. Apart from the price of the land will the owner be compensated for constructions, trees etc.?

A. Yes, apart from the price of the land the owner will be compensated for constructions, trees, and

farming equipment after deduction of depreciation in accordance with the aforementioned regulations.

Q. In case the head of the family dies, and his survivors are unable to exploit the land can they sell the land, and in such instance who will pay the remaining installments?

A. Yes, they can sell the land in accordance with the regulations pertaining to purchase and sales of land which will be promulgated later on. Of course the new buyer will have to pay the remaining installments. But it must be noted that the survivors under no circumstances can divide the land in smaller plots. They can utilise the land as a jointly inherited block, and divide the yields between themselves.

Q. When the land reform law comes into force will it be applied in all provinces at the same time, or in a step by step manner?

A. Practical application of the land reform law will begin one year after its publication in the Official Gazette. In the course of this time, a number of organisations will be established and a number of regulations necessary for application of the law promulgated; concerned statistics will be gathered and analysed. In other words, after the publication of the land reform law in the Official Gazette matters pertaining to land reform law will be administered by a special new organisation, and the state will be set for practical application of the law.

In the application state of the land reform law, expropriation and distribution of land will begin first in provinces with vast agricultural areas, and where large holdings exist in a greater measure. In the first place lands of those landlords who have large holdings in provinces with vast agricultural lands will be distributed.

Q. When the application of land reform law is in progress in one province, can other provinces engage in agriculture as before?

A. Yes, as land reform will be applied in provinces gradually, and the law will not be applied in all provinces simultaneously, in provinces where land reforms will begin at a later date farmers can work on

their farms as before, and utilise their holdings, but nonetheless they will be subject to graduated land tax. Land owners can go on cultivating their land until such time that an official notice is submitted to them. Limitation of land ownership and distribution of land as the experience of other countries has shown will take time. Application of the law here requires time too.

Q. Can companies and private institutions own land in excess of above mentioned limits?

A. In accordance with the land reform law private companies or societies with the agreement of the land reform council can own more land provided the land is arid and the company or society wishes to render it arable. But in any event after a period of 15 years the land in excess of the aforementioned limits will be expropriated by the state. That is private companies and societies can own and utilise land for 15 years in excess of the set limits.

Q. Will new regulations be promulgated and a new organisation be set up for the application of the land reform law?

A. For the application of this law new rules and ordinances will be promulgated, and for the supervision of its directives a Land Reform Council under the Chairmanship of the person of the Prime Minister will be established. Furthermore, a special organisation will be established in the framework of the Finance Ministry for the purpose which will be known as the Land Reform Organisation. This organisation which is directly responsible for the implementation of the land reforms will have branches in various parts of the country.

Q. Mr. Finance Minister, in conclusion please speak about the effects of land reforms on socio-economic conditions of the country?

A. In the past the predominance production relations of medieval times in Afghanistan not only failed to ensure the welfare of the farmers, or this productive majority of our compatriots, but also created obstacles in the way of increasing productivity.

As we know thousands of

hectares of land owing to backward systems and constitutions lay either untiled, or is underutilised, or yield meagerly as a result of use of ancient implements. With the application of land reform law on the one hand vast stretches of land which is not effectively farmed, or is only partly used will be put effectively at the disposal of the deserving persons, thus enhancing productivity, but will also ensure social justice as the farmers will till the land that will belong to themselves.

As most of our compatriots know a person or a family will derive the greatest returns from a definite agricultural area on which concentrates all their power. When it is not so part of the area remains untiled as cropping will rotate, thus leaving part of the land unused.

On the other hand an owner with large holding, that can not be worked by himself and his family must make use of the energies of landless farmers on his property. Here is where the landless farmer are employed on land belonging to others. Either because the land does not belong to himself, or because of his insecurity he shows no special interest in boosting productivity although with greater production on the area put under his tillage there will also be a relative rise in his share. But this share is in no way comparable to the profit that will accrue to the landowner.

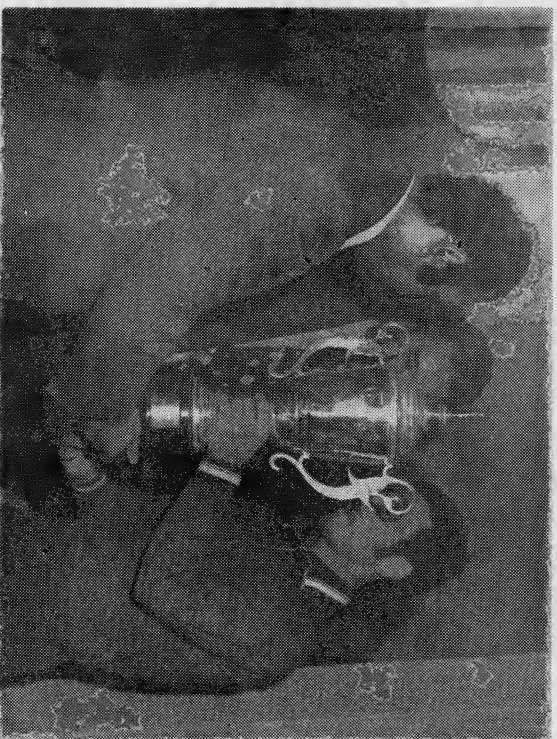
With instituting land reforms excess lands can be put at the disposal of such farmers. When the farmer becomes landowner, and achieves the right of making use of all possibilities for boosting production, he works with confidence and with sense of security.

He also brings all necessary improvements in his land. Unlike the large landowner he is able to tend to the entire land holding, and thus boost production in land belonging to him. Under such conditions, that is full and intensive utilisation of land, in a secure and confident manner, free of any dangers, it is evident that the general levels of agricultural productivity will rise, and national income will increase.

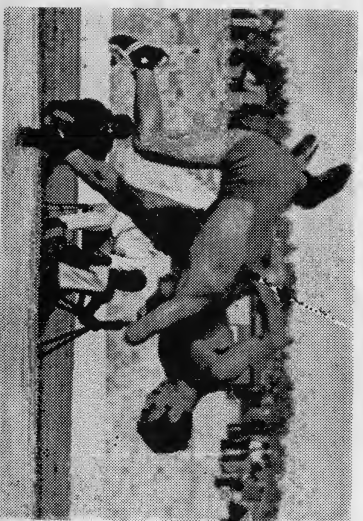
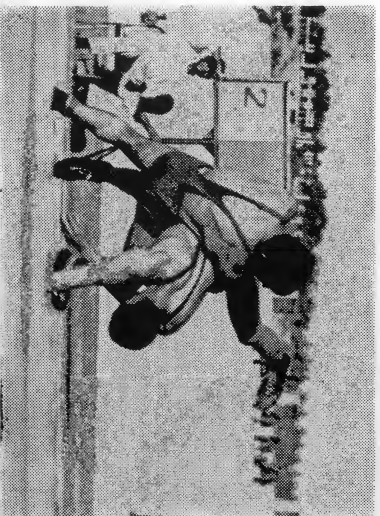
Sportsmen from Afghanistan and friendly countries - Iran, Soviet Union and Turkey - were competing each other during the second anniversary of the founding of the Republic for winning the Jam-e-Jomhouriat (Republic Cup).

At the end of the competitions, the Soviet teams emerged as champions. In the football tournament, after the Soviet Union, the Iranian and Turkish teams won the second and third positions respectively. Mohammad Naim presented the Cup to the Soviet team on July 24 (above right). In wrestling, the Cup was presented to the Soviet team by Finance Minister, Abdulalah (right).

Exciting moments during the wrestling competitions created a hot atmosphere at Ghazi Stadium where thousands of people attended to watch them (below).



Competitions For Republic Cups



strongly hoped that with this step, it may expand with the support of the people of Afghanistan.

Concurrent with these measures an opportunity was found for private investment to take greater part in economic development. For instance since the establishment of the Republican order in the country preliminary sanction was given to twenty-two private enterprises which constitute 21 percent of the total projects which have been established since the start of private investment in the country. This in itself is an indication of the confidence of the people in their Republican government.

Similarly, according to the commitments made, land has been allotted in State projects to five thousand four hundred landless and nomad families since the establishment of the new order until the present, and this work will continue in a basic and fundamental shape within the framework of land reforms.

The reforms instituted into the system of tax and tariffs collection has resulted in an increase in state income from local sources and on this basis it is estimated that the income of the State from this source will increase by 47 percent over that of the previous year while this figure in 1973 did not exceed 18 percent compared to the previous year.

The total state-investment in the sphere of development during the current year exceeds by one hundred and eleven percent that of last year, which in itself is unprecedented for the last few years. Estimates for the current year show that normal expenditures also have been increased by more than 38 percent compared to last year and this increase by and large is for the welfare and comfort of the public inasmuch as we know that the rise in the prices of industrial products and consumer goods in the world has exerted an undesirable influence upon the standard of living and the

rate of growth of countries like ours. In order to check the effects of this situation on the life of the people, the Republic resolved during the current year to finance under normal expenditures subsidies for oil and food allowance for officials, employees and workers.

This year the Government has appropriated 46.5 percent more funds for subsidies than in 1951.

As a result of measures which have been adopted, the volume of foreign trade during these two years has been consistently rising and it is estimated that during the current year it will increase around 11 percent. At the same time in order to conserve foreign exchange and strengthen balance of payments, it was recently decided to ban import of certain unessential and luxury items. Our position with regard to the strengthening of the balance of payments, as far as the internal factors of our economy are involved, rests upon strengthening domestic industries import substitution, search for greater possibilities for exports, reduction of unnecessary expenditures, development and enhancing the value of export commodities and agricultural export commodities, stabilisation of the level of prices at home and balanced circulation of money. About each one of these issues, necessary measures have been adopted, and at present our energies and possibilities are directed at attaining these goals. I do not wish to describe in detail the action taken about these problems because such details will be given to the esteemed countrymen by the Minister of Planning, but whatever has concerned the development of economic and social life in Afghanistan during the past two years or may take place in future, I wish to describe very briefly.

Effective steps have been taken during the past two years in various economic spheres for the country's economic improvement.

In the sphere of agricul-

ture and animal husbandry, which provides the larger part of national income, these steps have been taken to boost agricultural production.

Wheat production, which in 1951 amounted to two and a half million tons rose to two million seven hundred and sixty thousand tons and two million eight hundred and sixty-seven thousand tons respectively in 1952 and 1953. This year's production is anticipated to amount to two million nine hundred thousand tons.

Rice production in 1972 amounted to three hundred fifty thousand tons. In 1974 it increased to three hundred sixty thousand tons. Production of oil-bearing seeds in 1972 was thirty-four thousand tons, but in 1973 and 1974 it has increased to thirty-eight thousand and forty thousand tons respectively. Fruit production in 1973 and 1974 increased by five percent and eight percent respectively over that of 1972. Cotton production rose to one hundred eight thousand and one hundred forty-five thousand tons respectively in 1973 and 1974 compared to only fifty-eight thousand tons in 1972. This figure is expected to rise to one hundred sixty thousand tons this year.

In the sphere of industries and mines:

In consequence of the measures adopted in the form of expanding the power-grid and extending power lines, power production in 1974 amounted to four hundred eighty-four million kilowatt hours. It is expected to rise to five hundred forty-four million kilowatt hours this year or an increase of 22 percent over that of 1972.

With the commissioning of the chemical fertiliser plant in 1974 production of urea was estimated at eighteen thousand tons. This figure is expected to increase to sixty-two thousand tons this year.

Simultaneous with the growth and development of agriculture through the maximum utilisation of productive factors in this sphere, further increase in the production of cotton

piece goods was also made possible inasmuch as production of cotton piecegoods which came to forty-five million metres in 1972, increased to sixty-six million metres in 1973 and is estimated to amount to 91.7 million metres this year.

Production of vegetable oil which amounted to over four thousand tons in 1972 increased to ten thousand tons in 1974 and it is estimated to rise to twelve thousand tons during the current year. In the field of minerals and prospecting, too, developments have taken place inasmuch as natural gas production which amounted to 2.8 billion cubic metres in 1972 increased to 2.9 billion cubic metres. Coal production during these years has increased from seventy nine to one hundred fifteen thousand tons. Technical and economic studies for exploiting such newly discovered minerals as the copper at Ainak in Logar, have been launched. Similarly, the area being prospected for oil and gas in the northern southwestern parts of the country has been enlarged and a national oil organisation has been formed this year to explore oil.

In the sphere of communications and telecommunications developmental activities during the past two years have been considerably expanded. The increase in development expenditures in the sphere of land and air transportation as well as telecommunications bear out this statement.

The budget for this sector, which in 1972 amounted to four hundred fifty two million afghanis increased to 476 million afghanis in 1973; to 945 million afghanis in 1974 and it is estimated to amount to 1421 million afghanis this year.

In the sphere of social services needed by the country, the first step taken by the Republican government is to bring about a progressive and fundamental reform in education in Afghanistan, about which explanations have already been given.

Its major target is the

improvement of the qualitative and quantitative aspects of education, maintaining a balance in the country's active manpower and its real need in the different economic and social fields as well as imparting literacy to the entire population.

In the field of public health services the Government's position has been and is that health services in accordance with their social character should be expanded to cover the entire country. In conformity with this idea efforts have been made during the past two years to further expand preventive and curative medicine. With this principle in view it is planned to activate forty-three regular health centres under the plan for the current year and that work on the buildings of sixty-two health-centre-projects should continue. Under the programme for environmental hygiene, 32 drinking water projects were implemented in 12 provinces last year, thereby enabling three hundred thousand citizens in the villages to benefit from clean drinking water.

In order to remove the gap between the life of the rural and urban populations the Rural Development Programme was revived and during the past two years efforts have been made to raise the standard of living of the rural population by launching economic and social projects in the different parts of the country. Substantial budgetary appropriations have been made to further development programmes in this field during the past two years.

The application of development activities in these fields during the past two years and the expansion of their scope to new areas under future programmes needs the mobilisation of domestic financial resources and the flow of foreign sources in the country.

The Government during the past two years succeeded by bringing about reforms in the financial and monetary systems in taking positive steps towards development of the coun-

try's economic and social affairs.

In conformity with the Government's policy directives taxes in 1975 show an increase of 194 percent compared with 1972. The part of direct taxes in the total local income in 1975 shows an increase of 14 percent over that of 1972. Net domestic incomes in 1974 were 68 percent above those in 1972 and this amount is expected to increase by 98 percent compared to 1972.

The total state income including loans, in 1974 stood at 12,742 million afghanis or an increase of 27 per cent over 1972. Total state revenues in 1975 are expected to be 92 percent higher than that of 1972. For several years, loans from D'Afghanistan Bank covered a substantial part of financing a part of development expenditures, but due to the adoption of sound financial measures in the form of increasing local sources of income, not only the financial deficit has been eliminated, but that in 1974 the State budget took the form of a surplus, that is unprecedented in the financial life of the country during the past one decade.

Similarly in order to encourage and promote savings, the Bank interest rates have been raised from six to eight percent.

After the establishment of the Republican order the position of foreign currency reserves has improved so that a surplus, instead of a deficit, has come about in the balance of payments. The international currency reserves in 1974 increased by 48 percent over that of 1972.

In order to stabilise the economic situation and check the effects of inflation within the country, circulation of banknotes in 1974 was reduced by 41.3 percent compared to 1973.

Credits given by D'Afghanistan Bank show an increase of 84 percent in 1974 over that of 1973.

The profit made by D'Afghanistan Bank in 1974 increased by 114 percent over that of 1973.

It was due to these me-

asures that the amount of State investment in 1975 has increased by 111 percent over that of last year.

State investment in 1974 constituted about six percent of the national income and it is estimated that in 1975 this ratio will rise to 12 percent. Together with maximum utilisation of domestic resources the Government has endeavoured to obtain a larger flow of foreign loans and aid into the country. With the steps taken in a short time in this respect the Government succeeded in obtaining loans and grants amounting to over 1,400 million dollars from the friendly countries and international organisations. The notable point here is that this amount, namely more than one thousand four hundred million dollars given to Afghanistan in the form of loans or grants is not the whole amount expected to carry forward the projects under the seven-year development plan, because this year there are a number of large economic projects the technical and economic studies of which alone are being financed out of these funds and not their construction. Such projects, for example, are the railroad project, the Hajigak iron ore mine, the copper smelting plant, the Farahrud project and the Khush-teppa project which, when their economic feasibility is established will be financed with assistance given by the friendly countries under separate agreements.

With this calculation it is thought that the volume of this assistance will be larger than the above mentioned amount.

In order to derive the utmost benefit from domestic and foreign sources the Republican Government rejected decisions taken as an expedient measure, as one was done under the last regime and resolved to incorporate the programme of development projects, after studying all technical and economic aspects, into a seven-year plan and then implement these. The seven-year plan of the country which will include over two hundred econo-

mic and social projects, will consist of the following major schemes under different economic and social classification:

In the field of agriculture and animal husbandry:

1—Studies about the Khush-teppa irrigation project;

2—Construction of the Kelagai irrigation project;

3—Implementation of Chashma-i-Shefa irrigation project;

4—Construction of Hari Rud project;

5—Kokcha irrigation project;

6—Construction of the Kajaki water-gates;

7—Construction of the Kunduz-Khanabad irrigation project;

8—Development of Farah Valley by harnessing the valley's water and agricultural resources.

9—Full development of Lower Helmand by utilising water resources and agriculture in that region.

10—Economic and technical studies about Konar river to develop water and power resources of the valley.

11—Utilisation of underground water resources in arid lands of the south and west.

12—Establishment of a slaughterhouse at the animal husbandry project in Herat;

13—Expansion of animal husbandry in Badghis, Faryab, Jozjan and Ghour provinces;

14—Establishment of a poultry farm including feeding plant at Kabul.

15—Studies about utilising the waters of Qaisar river.

16—Studies about exploiting the water and land resources of Upper Helmand and,

17—Expansion of the operations of the Agricultural Bank in the spheres of agricultural cooperatives, resettlement etc, by obtaining credit from the World Bank.

In the field of industries, mines and power:

1—Expansion of the present chemical fertiliser plant or building a new fertiliser plant.

(please turn Page)

ARYANA

(AFGHANISTAN REPUBLIC)

Quarterly, published by the Ministry of
Information and Culture.

• • •

Editor: Azam Rahnaward Zaryab.

• • •

Address your enquiries to:
ARYANA (Afghanistan Republic),
Ansari Watt, Kabul,
REPUBLIC OF AFGHANISTAN.

**"THE DIFFICULT STAGE
IN REVOLUTIONARY WORK BEGINS
AFTER THE SUCCESS OF
THE REVOLUTION.**

**THE TRANSFER OF POLITICAL POWER
FROM ONE HAND TO THE OTHER.
AND FROM ONE SYSTEM TO ANOTHER.
IS TRULY A DIFFICULT TASK,
BUT EVEN MORE DIFFICULT THAN THIS
IS THE CREATION OF
A MODEL AND DESIRABLE SOCIETY
WHICH MUST BE
THE LOGICAL OUTCOME
OF EVERY SOCIAL SYSTEM.
WE MUST NOT BELIEVE
THAT WE HAVE ACCOMPLISHED
EVERYTHING ON JULY 17 TH;
THAT GREAT DATE CONSTITUTED
ONLY THE POINT OF
DEPARTURE OF OUR NATION
TOWARD VICTORY
BUT A PROPER AND LOGICAL POINT.**

**HOWEVER IT MUST BE REALISED
THAT DIFFICULTIES CONFRONT US.
OUR FIRST DIFFICULTY
IS TO RID OUR NATION
FROM IDEOLOGICAL PENURY."**

(President Daoud)

2—Study and establishment of a steel plant by using iron ore from Hajigak deposits.

3—Study and construction of a copper smelting plant using copper found in Logar.

4—Establishment of a textile mill in Herat.

5—Establishment of a textile mill in Kandahar.

6—Establishment of a woollen mill in Kandahar.

7—Establishment of a sugar plant in Herat.

8—Expansion of the production capacity of the sugar plant in Baghlan.

9—Establishment of a sugar and paper factory in Jalalabad.

10—Establishment of a cement factory in Herat.

11—Establishment of a cement factory in Kandahar.

12—Completion of the power grid in the northern areas.

13—Establishment of a thermal and diesel-power plant in Herat.

14—Establishment of a thermal power plant at Sarobi.

15—Power-line between Naghloo and Jalalabad.

16—Power lines at Kajaki.

17—Prospecting for oil and gas in the southern part of the country.

In the field of communications and telecommunications:

1—Construction of a bridge across Amu river at Hairatan.

2—Completion of the first and second part of the Western highway up to the Iranian border.

3—Study and construction of a railroad between Kabul, Kandahar, Herat and Islamkala together with auxiliary lines.

4—Kabul airport.

5—Six local airfields.

6—Establishment of a flight information centre and projection of the proposed airport at Logar.

7—Establishment of a 300-channel microwave system between Kabul and Kandahar and one of 120 channels between Kandahar and Herat as well as a 60-channel system between Herat and Islamkala.

8—Establishment of a 120-channel microwave system between Kabul and Torkham and tropo-scatter

between Jalalabad and India.

9—Expansion of telephone stations in Kabul, Kandahar, Herat and Mazari Sharif and establishment of a number of new stations in certain other provinces.

In the sphere of social and cultural services:

1—Establishment of a 200-bed hospital at Herat.

2—Establishment of a 250-bed hospital in Kandahar.

3—Establishment of permanent and auxiliary health centres at different points in the country.

4—Establishment of a film studio.

5—Establishment of a sound recording studio.

6—Establishment of the Afshar drinking water scheme.

7—Establishment of television stations.

8—Expansion of the capacity of Radio Afghanistan.

9—Expansion of transport services in the city by introducing trolley buses.

10—Further development of tourist services by building hotels and providing other needed facilities and.

11—Construction of silos, flour-mills and bakeries.

With the implementation of the aforementioned major projects and tens of other projects, names of which have not been mentioned, the natural resources of the country will be mobilised and the level of national production will rise. The area of employment will be expanded and foundations for new and modern industries in the country will be laid. Thus the way for social comfort and welfare will be paved and consequently the attainment of our real objective of improving the life of our country will become easier.

As you know rapid development and progress in the economic and social spheres need comprehensive planning and it was with this idea that a seven-year, instead of a five-year plan was formulated.

The project of this extension of the time factor in the plan is that new projects may expeditiously be studied from the techni-

cal and economic points of view and then incorporated into the plan. Naturally, it is possible that certain changes and modifications may be instituted during these seven years, but in order to prevent this the work of preparing annual plans, introduced since the establishment of the Republican order, will be continued so that changes, emanating from economic and social factors during the seven year plan, may be accommodated in the annual plans.

As our countrymen know backwardness is not a phenomenon that has emerged in one day or one year or a few years. Backwardness is a historical phenomenon which takes a long time to appear and its causes also are numerous. Therefore the elimination of this backwardness, too, requires time, needs considerable outlay and means, and must have a set goal and process.

The Republican government during a short time has first of all taken up the task of setting up a target, that is the creation of an independent national economy. Therefore the future economic and social development of the country is envisaged on the following lines:

—Instituting basic and fundamental reforms in all economic and social sectors,

—Creation of national industries in the governmental sector and private sector and support for it,

Expansion of energy and power supplies in the country;

—Creation and expansion of modern irrigation network; and guiding foreign trade in accordance with national interests.

At this stage when economic and social movements have been set afoot to raise the standard of living of the people and eliminate obstacles of social inequities, the Republican Government in conformity with its policy has taken steps to formulate a land-reform law. This law was approved by the Government and it will be enforced one year after its insertion in the Official Gazette.

The major objectives are as follows:

—Specification of limits of property ownership.

—Elimination of unjust relations between the owner and peasant and agricultural worker.

—Improvement of the condition of small and poor farmers.

Increasing the income of the farmer and allocation of land to deserving landless persons.

Absorbing more active persons into the agricultural sector to the degree of this sector's capacity.

—Expansion of vast programmes of agricultural research and extension for increasing the effectiveness of the agricultural sector.

—Preservation of the rights of ownership of those who really work on the land.

Greater emphasis upon the system of cooperatives; and consequently raising the level of gross production in the country.

I hope that the implementation of this laudable, fair and humanitarian measure will be hailed and supported by all sections of the Afghan nation.

In conclusion I must state that in order to scrutinise the draft new constitution for Afghanistan prepared by a smaller commission since eleven months, a commission will be established and start working this year.

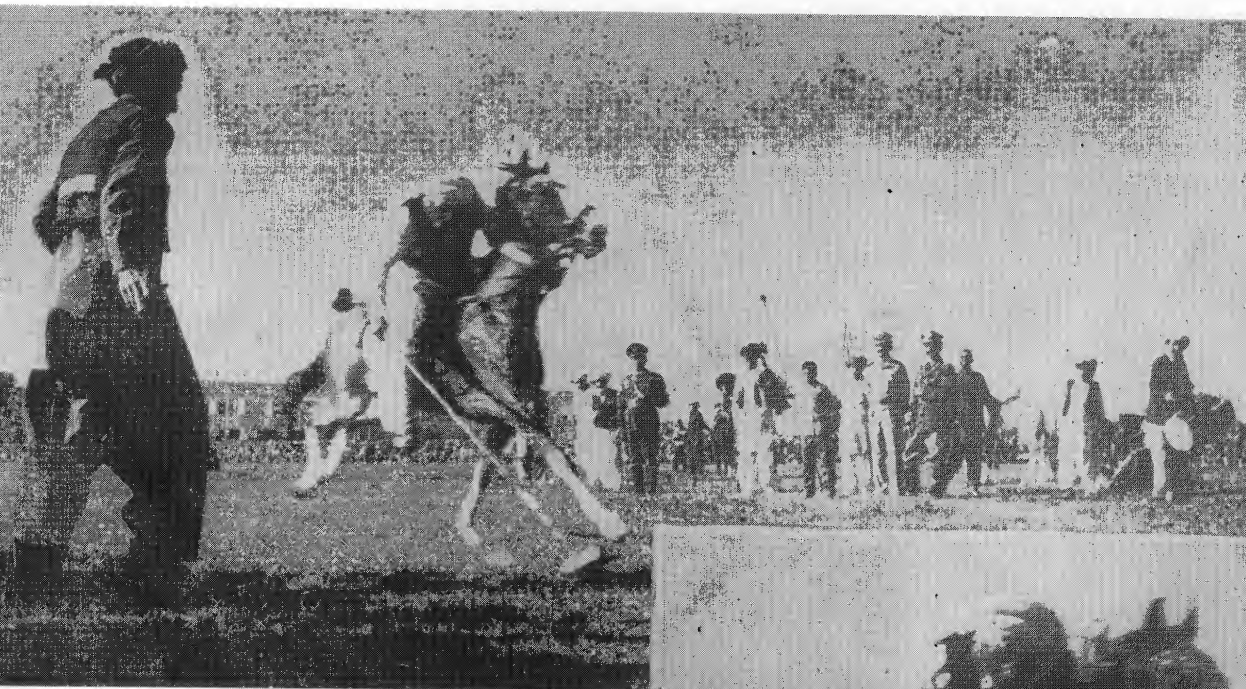
Dear countrymen:

In concluding this brief annual report I wish once again to draw your attention to the fact that no progress can be made by a nation without hard work and selflessness. This is the path on which the nation of Afghanistan, with full unity, God's blessing, and their own firm resolve, can compensate for their backwardness in the past and advance towards a hopeful and bright future.

We believe in the greatness and glory of our homeland and we shall endeavour to the last breath to build the prosperity of a new, free and prosperous Afghanistan.

Long Live Afghanistan.

Long Live Republic.



Tent Pegging, like Buzkashi, is a national sport in Afghanistan. This game, played on horse back, dating back to the time of Ghanges Khan, is more popular in Pakhtiya and Ghazni provinces. The Waziri and Arab types of horses are exceptionally fit for Tent Pegging.

During the second anniversary of the founding of the Republic, horsemen of different provinces gathered in the capital for competition. Their skill and bravery was exciting for everybody.

ON JULY 17, 1975 THE AFGHAN NATION CELEBRATED THE SECOND ANNIVERSARY OF THE FOUNDING OF THE REPUBLIC. ARYANA DEDICATES THIS ISSUE TO THE SPLENDOR OF THIS GREAT OCCASION.

Pictures Below: An Exchange of Cordial Sentiment





Planning Minister Ali Ahmad Khuram.

Highlights of Seven Years Development Plan

The text of the speech delivered by Planning Minister Ali Ahmad Khuram over Radio Afghanistan on the evening of Staratan 26, 1354 (July 17 this year).

"IT IS CLEAR THAT THE DESIRABLE UTILIZATION OF THE POSITIVE FACTORS RECOGNIZED BY THE LEADER OF REVOLUTION AND REGULATING THE RELATIONS HAVING DECISIVE IMPACTS ON THE PROMOTION OF THE ECONOMIC AND SOCIAL LIFE OF THE COUNTRY, REQUIRES LEGAL AND LAWFUL GROUNDS. IT IS BECAUSE OF THIS REASON THAT THE STATE HAS MADE ALL EFFORTS FROM THE INCEPTION TO DRAFT AND PREPARE REGULATIONS WHICH COULD REGULATE VARIOUS ASPECTS OF OUR ECONOMIC AND SOCIAL LIFE"

A Glance at the economic and social situation of the country during the past two years.

Dear countrymen,

On these days when an heroic and righteous nation, that is our countrymen, celebrates the anniversary of Saratan 26, 1352, the day of transformation of the political and social regime of the country, it is the right time for me to inform all the people of the accomplishments made in the economic and social fields during the last two years after offering my congratulations on the coming of this auspicious day to the leader of Saratan 26 revolution, the patriotic members of the central committee and the righteous people of this country.

Saratan 26, 1352, which is a point of political change in the history of our country is also consider-

ed a turning point in our economic and social life because it was after this day that favourable grounds were provided or are being provided for implementation of basic and radical, and multipurpose progress of economic and social life of the people. This is a phenomenon about which there was no news in the past. While according to the leader of Saratan 26 revolution our dear country is the land of relatively abundant natural resources, fertile soil, capable and industrious people, ancient culture and civilization, the situation in our country and the lot of our people is sad inspite of all the above mentioned factors due to the domination of the past regime.

In fact, it was due to the domination of the past regime that planning was subject to the whims of persons and that its

effectiveness in economic development was lost and capital formation lost its meaning and there came a decrease in the total volume of investment in the plan periods and finally old production relationship was maintained and preserved in all productive fields especially in the field of agriculture and the state revenues were steadily expended in undesirable channels.

The standards of living, culture and health of our country were lowest in the world. It is clear that such problems of a nation require time to be wiped out.

With the existence of such problems and the limited possibilities and means that we have on our hands at present it should be considered that under the present circumstances what we can do for our country.

It is the realization of this question that the Republican Government and state, since its establishment have persistently tried to take steps to make use of the realized favourable possibilities in the interest of social and economic progress and betterment of the cultural situation in the country.

After the stabilization and strengthening of the new regime whose need was felt first, the newly established national regime has gradually taken effective and practical measure in construction and strengthening of the principles of an independ-

ent national economic and the realization of the promises made to the people and reflected in the "Address to the Nation."

With the passage of everyday the ground for the realization of these promises has been and is being readied from various sides. The first of these steps are the measures taken towards strengthening legal frameworks to guarantee the interest of the public and majority of the society.

It is clear that the desirable utilization of the positive factors recognized by the leader of the Revolution and regulating the relations having decisive impacts on the promotion of the economic and social life of the country requires legal and lawful grounds. It is because of this reason that the State has made all efforts from the inception to draft and prepare regulations which could regulate various aspects of our economic and social life. Thus, Customs Law, Private Local and Foreign Investment Law, Cooperatives Law, Chambers of Commerce Law, Insurance Law, Traffic Law, Banking Law, and the like were put into force after their passage through legal channels. Each of these laws has in its own turn special importance in the economic and social life of the country. For instance, the Banking law which aims at nationalisation of banks in the country has been brought about to regul-

ate the activities of the banks in the interest of the majority.

With the nationalization of the banks their areas of operations will not be limited to a fixed area as private banks but will be widespread in various parts of the country to serve the economic and social cause of the public in accordance with the needs of the majority of the people. Similarly, with the nationalization of the banks the savings of the people are guaranteed by the state and there is no risk of their loss as was expected in the private banks. Because of this reason with the nationalization of banks it is strongly hoped that savings and current accounts in the banks will be encouraged and banking services will be spread in the country. On the basis of this principle the government raised the rate of interest on savings so that it would encourage bank clients to save more and receive more interest.

It was after these measures that various other significant activities were carried out. Private investment, for instance, became widespread and the trend towards this action got intensified. As a result during 1353, 22 projects were officially given preliminary approval. While the total number of investment projects approved in 1351 did not exceed 15, the total number of 22 projects received preliminary approval after

the establishment of the new order in the country representing 21 per cent of the total investment projects implemented since the beginning of private investment in the country.

Furthermore, during the first quarter of the current year 16 other projects have been under study and it is expected that they will be increased during the course of the year. This is an indication of the favorable ground and public confidence in general situation which has been developed.

On the other hand the republican state which has pledged to improve the lot of the landless people in accordance with the historic address to the nation of our leader, which reads, "The state will take steps as far as possible to resettle nomads and allot state lands to landless people and the traces of nomadic and tribal life will thus be eliminated" embarked on distribution of land reclaimed in the state projects to the nomads and landless people in a short period of time since its establishment. Since the month of Dalw 1352, for instance, until now 5462 landless people have been supplied with land.

In the field of state revenues the first effective step taken was the collection of arrears which unfortunately due to administrative corruption existed in the past no attention was paid to it. However, the existing figures

show that necessary attention has been paid to the collection of arrears since the establishment of the republican state. The graph of the collections arrears during 1352 and 1353 show a sharp upward trend as compared with the preceding years. In 1352, that is the year when the new order was established, more than 149 million afghanis were collected from this source and in 1353 this figure reached 162 million afghanis while this amount did not exceed 75 million afghanis during 1351. The per cent increase in national income earned from the collection of arrears during 1352 and 1353 was 112 and 116 % respectively compared with 1351.

In general the all-sided measures taken in boosting the national income from the domestic sources have resulted in the expansion of the said sources and finally brought up the relative growth in national incomes. The per cent increase in national income during 1353 was 17.7 % as compared with the preceding year and this percentage increase was 14.7% as compared with 1351.

Similarly the total state revenues from domestic sources are predicted 12152 thousand million Afghans during, the current year 1354 showing an increase of 3891 million afghanis or 47 per cent compared with the revenues estimated in 1353.

The Republic of Afghanistan will reform the fi-

nanacial system of the country on the basis of preferring direct taxation to indirect one. During 1354 direct taxes will be 77 per cent more than that collected in the preceding year 1353. The total revenues estimated to be collected from direct taxation during the current 1354 year will increase from 953 million afghanis, estimated in 1353, to 1687 million afghanis: This increase will come as a result of increase in land taxes, improvement in administration of the state taxes from the legal and other persons.

The other factor which has a striking role in regulating the state income sources and indeed capital formation in a short period of time and in the present circumstances of the country is the delay payment of the foreign loans of the state. This is realized as a result of the positive measures taken by the state as a result of which the payment of loans has shown a downward trend. The payment figure of the 1353 amounting to 1835 million afghanis was decreased to 1200 million afghanis during the current year showing a decrease of 34.6 per cent compared with the preceding year.

Moreover, since the establishment of the new order in the country as a result of positive measures taken and in view of the credit which this regime has gained internationally new credits with easier terms have been

secured from the friendly governments and international organisations for financing a series of projects whose technical and economic studies are underway.

These credits are the following in accordance with the dates of their payment:

The Government of the Soviet Union has provided 428 million dollars to the Republic of Afghanistan for financing the expenses of the survey and construction of a number of development projects in the fields of irrigation and agriculture, transport, communications, power, chemical industries, and gas, food and light industries. The said loans are provided under easy terms.

The Government of the United States of America has supplied 9.5 million dollars as loan to the Republic of Afghanistan. This loan which is on easy terms will be used for financing the transfer of electric power from Kajaki electric power station. Similarly, the Government of USA has given a grant of 14.5 million dollars to Afghanistan to meet the expenses of projects in the fields of education, community development, public health, power, demography and the like.

The Government of the Federal Republic of Germany has provided the Republic of Afghanistan with a loan of 23.5 million dollars on easy terms to finance the development projects in the fields of communications, water supply, provision of vaccines,

cartography, transport and other local projects launched.

The People's Republic of China has provided 55 million dollars loan on easy terms and it is expected that this loan will be used in financing a number of productive projects in the economic field.

The loan provided by the government of Czechoslovakia is 20 million dollars. This loan which is on easy terms will be used in financing a number of development projects in the fields of transport, industries and electric power.

The Government of Bulgaria has supplied the Republic of Afghanistan with 10-million dollars easy terms loan for financing a number of development projects in the fields of industry and agriculture.

The British Government has provided 2.4 million dollars with easy terms. Of this amount 40 per cent is grant. The loan will be utilised in financing the expansion of the productive capacity of the present Helmand press and gin factory and the construction of a new press and gin factory there.

The Government of Saudi Arabia has provided a 55 million dollars loan with easy terms for the purpose of financing irrigation project of Herrirud and 10 million dollars grant for financing economic and technical feasibility studies of a number of development projects.

The government of Iraq's loan to the Republic of Afghanistan is 10 million dol-

lars and will be utilised in financing Herat textile manufacturing factory. In addition to this the Government of Iraq has provided to the Republic of Afghanistan a grant of 10 million dollars to be used in financing education and public health projects.

The Government of Iran has loaned 7,10 million dollars to the Republic of Afghanistan. Of this loan which bear easy terms 700 million dollars will be used in financing infrastructure and industrial projects, and the remaining 10 million dollars will be provided to the Export Development Bank. In addition to the above loan the Iranian Government has given a grant of 10 million dollars to finance the preliminary economic and technical studies of a number of major projects including railways, sugar, textiles, cattle breeding and Kabul airport.

The Asian Development Bank has provided the Republic of Afghanistan with 28.9 million dollar easy terms credit to be used in financing Kajaki dam project and construction of the first part of Lashkar-gah-Desho highway.

The World Bank has so far given 47 million dollars to the Republic of Afghanistan for financing the joint agricultural, water supply, livestock raising, highway maintenance and industrial development projects. The World Bank loans are of special and easy terms for developing countries.

The basic problem of Farah district is the non-exis-

tence of reservoir dam and disorganisation of the water of Farahrood. However, the fertility of the area from the viewpoint of good soil, abundance of manpower and other possibilities promises the bright future of this part of the country. Consequently, it was decided that Farahrood valley should be economically and technically studied with the objective of introducing all-sided economic and social development and in the light of such studies diversion and reservoir dams should be constructed for the purpose of economic and social development of the region.

The Kokcha river is a rich source of irrigation and production of energy in northern parts of the country. Since long time ago there has been a view to make use of this natural source. However, negligences of the past resulted in the fact that the water of this river would remain unexploited. But the new regime has recently decided to simultaneously make utmost use of the water of Kokcha river both for producing electric power and for irrigating lands for cultivation purposes. With the initiation of the said projects not only wheat self-sufficiency programmes and other cereal production programs will be undertaken but foreign exchange will also be increased through export of the surplus of agricultural products to international markets.

IN THE FIELD OF INDUSTRIES:

In view of the far reaching changes in the world and the strong need felt for achieving industrial development the government of the Republic of Afghanistan announced initiation of industries as a main item on the top of its economic policy and in the light of this policy it undertook in the first stage the following industries:

Since the demand for sugar is increasing in proportion with the rate of the growth of population and the rise in the standard of living of people the supply of this commodity placed the government against the pressure of foreign exchange payments. To help avoid the pressure coming from the balance of payments and to create ground for employment the government undertook projects providing for substitution of imports, construction of sugar manufacturing factories in Herat and Nangarhar provinces and expansion of the productive capacity of the Baghlan sugar factory. It is expected that with the full use of the productive capacities of these factories the annual production of sugar will reach 60,000 tons in the future. At present due to limited production capacities only 150,000 tons of cement is produced in the country the greater part of which is consumed in public and private development projects. The increasing magnitude of construction work in the

next seven years requires that measures should be taken for construction of new cement factories. On the basis of this fact construction of cement factories in Kandahar and Herat provinces each with 480,000 and 210,000 tons annual capacity respectively are planned. As such the total production of sugar in the next three and four years will reach 840,000 tons per annum.

The annual minimum need of the country for textiles is estimated at 220 million meters and the total domestic production of textiles is 110 million meters per year. With the growth of population the need for this commodity will be more felt during the future years. For the purpose of preventing the expansion of the gap existing between production and consumption and substitution of imports, promotion of textile industries and for the purpose of utilising locally produced raw materials the production capacities of Kandahar textile factory, Herat textile factory, Bagrami Textile Factory, Gulbahar textile factory and Balkh textile factory were expanded to 20 million meters, 12 million meters, 26 million meters, 70 million meters and 20 million meters respectively or will be newly constructed under the Seven Year Development Plan. With the completion of the said textile factories the total production of textiles will increase by 113 million meters per year.

In addition to the above mentioned industries and after an all-sided evaluation of the country's economy and the assessment of the demand felt for various import goods a number of industries such as paper manufacturing factory, meat processing factory, tannery, food industries, fruit processing industries and tens of other industrial projects will be born in the country under the Seven Year Development Plan in the future. All these activities will provide firm ground for relative growth of industries in the country.

Our country is a land of abundant natural and untapped riches all ready for exploitation. After all this deadlock and inactivity it is now time when exploitation from the hearts of the land and mountains gets started. The Republic of Afghanistan during the coming seven years will make use of the large reserves of Hajigak iron mine. The main target of investment in this field will be construction of heavy industries to melt iron and steel and the ultimate objective is to help Afghanistan become self-sufficient in all sorts of machinery to the extent possible after the ores of this mine are processed and to help industrial employment reach its highest stage and large income be poured into the pockets of the people of this country.

The gas reserves will

be exploited on a larger scale. Exploitation of the rich natural gas resources will constitute the nucleus of petro-chemical industries in the country.

With determining the exploitable copper reserves of Logar mines a copper melting factory will be established there.

Utmost use will be made of the full capacity of oil and an oil refinery will be constructed. Oil prospecting has begun in the southern and other parts of the country where there is a bright perspective for oil. It is expected that with getting positive results from this project a huge source of income will be opened for the country.

Electric power is the foundation and infrastructure of our economic reform. At present we produce approximately 485 million K.W.H. This is a very small figure if we take into consideration the large programs undertaken for the future development of the country. Consequently, the technical and economic feasibility studies of large electric power projects in Kabul are either completed or underway. These projects are intended to develop thermal power and raise the hydro electric capacity of Kajaki, Cheshma-i-Shafa, Fararood, Kelagai, second Sorobi, Kunars and the like power stations. Following the completion of the economic and technical feasibility stu-

dies efforts will be made to start construction of power producing installations and it is expected that such measures will meet our need for energy.

In spite of the fact that a good deal of highways and communication routes have been extended in the country as a result of attention paid to economic infrastructure in the First and Second Five Year Development Plans nevertheless it is not enough. The rate of future development and economic growth, the magnitude of domestic dealings and transit affairs and the rapid social relations and the like are all factors which help focus greater attention on the role of infrastructure especially highways and transportation. As a result the Republic of Afghanistan undertook in the first stage the economic and technical studies of constructing a railway from Kabul to the last western point of the country. The construction of this railway will be carried out during the Seven Year Development Plan period. Simultaneously with the construction of the railway the completion of a transit route in the western part of the country is also one of the main targets of the development of transportation sector and it is hoped that it will be completed in the Seven Year Development Plan and will be utilized accordingly.



**Founder of the Republic President and
Prime Minister Mohammad Daoud.**

Our country with all its historic monuments, healthy climate and untouched natural beauties has provided favourable ground for the development of tourism industry. Giving due consideration to this fact the Republic of Afghanistan has given great attention to this field and under the Seven Year Development Plan most of the needs felt in this connection will be met and large number of tourists will be practically attracted in the country.

Every economic step taken is for the welfare of the people of a country. Social welfare is attained when the physical and mental health of people is ensured the basis of this fact practicable development programs in the fields of public health, education and culture will constitute the major social services of the Seven Year Development Plan to be implemented.

The Kuwait government has extended 1.26 million dollars grant to Afghanistan through the Kuwait Fund for survey work of the Farahrode irrigation project, and survey of expanding Baghlan sugar mill and establishment of a new sugar factory in Herat.

As can be seen, during the past two years of the Republican regime, a total of 1,439.6 million has been obtained from various sources either as loans or grants which will be utilised for financing different development pr

jects. Similarly, from this sum the technical and economic feasibility survey of some projects will be financed. After fixing their economic feasibility, the construction and establishment cost of the projects will be financed by friendly countries and international organisations. Consequently, the level of assistance by friendly countries will not remain limited and certainly it will rise several fold.

For instance, in the loan given by the Soviet Union financing of the cost of the steel furnace plant, Khoshtaipa irrigation project and building the iron ore smelting plant are not included. Similarly, in the 700 million dollars loan from Iran, the financing of the cost of the railroad has not been included. The same applies to the assistance given by Saudi Arabia and Kuwait on Farahrode, Herat and Baghlan sugar mill projects.

On this basis, as mentioned before, the financing of the costs of these projects will increase the volume of the loans several fold.

It may be mentioned that in view of the world financial situation and the skyrocketing rates of interest in the world, the loans and credits mentioned above are comparatively on easy terms and will be utilised in different economic fields such as agriculture and irrigation, cattle raising,

transportation and communications, power and gas and chemical industries, water supply, education, public health, other social services.

The participation of the friendly countries and international organisations in financing the annual plan is also clear. In accordance with predictions, during the current Afghan year, 55% of development expenditure will be financed from the assistance of friendly countries and international organisations. Out of this 94.7 million dollars are project loans and 19.6 are grant in aid of international organisations and friendly countries. This by itself represents the success of the government in international relations.

From the point of view of capital investment in development, during the current Afghan year there is an increase of 111% over the preceeding Afghan year, while the previous year recorded an increase of 18% over the year before.

The point worth mentioning here is the compound of development expenditure. This compound is the evidence of the seriousness of the revolutionary government in economic matters and a manifestation of its firmness in matters related to an independent national economy. The compound of development expenditure for the current Afghan year is in such a way that 80.7 per cent

of it will be spent on unfinished projects and the aim being completion and financing of these projects in accordance with intensive and extensive method. Or in other words, the aim is that these projects should be rapidly brought to exploitation and production stage.

The remaining 19.7 per cent of these expenditures will be invested in new projects, the major portion of which will be spent on their survey. From the point of view of laying the foundation of an independent national economy these projects are of significant importance.

The ordinary expenses of the state for the current Afghan year is predicted to be 38.5 per cent higher than the year before. This growth in expenditure is for improving public welfare. In order to prevent the unsuitable effects of rise in prices of industrial goods which has forced international economy in favour of industrial nations and has produced stagnation in the economy of the raw material producing nations, such as ours, the government decided to subsidise gasoline and sugar from ordinary state expenditure and also to subsidise the lunch allowance of the officials and wage earners with a view to create better work conditions.

During the current Afghan year, surplus domestic incomes which is pu-

blic savings is estimated to be Afs. 2297.1 million, which compared with last year's figure of Afs. 1,147.3 million shows a one hundred percent increase.

This increase, at the same time, shows increase in state participation in investment solely for creating an independent national economy, and is a valuable step in acquiring reliance on domestic resources.

The total volume of foreign trade circulation during the current Afghan year is estimated to be 445.7 million dollars, which compared with last year shows an increase of 11 percent. Last year's figure for this sector was \$399 million.

It is expected that the increase in export earning for the current year will keep its upward trend. In 1352 and 1353 export earnings were approximately \$128 million and 228.5 million dollars respectively.

For the current Afghan year the figure is expected to rise to 245 million dollars, out of which \$174.9 million will be from export of traditional goods and 52.1 million dollars from the export of natural gas and urea fertiliser. It is well known that with skyrocketing prices of consumer goods and existence of inflationary trends in the world, expenses of imports will also rise. Consequently, foreign exchange payments will also have trends in increasing.

For instance, in accordance with estimates made,

foreign exchange payments for the years mentioned above were \$100.1 million; \$170.5 million and the figure for the current Afghan year is expected to rise to \$220.7 million. The reason, as said, is depreciation in the value of some strong world currencies such as dollar and pound sterling due to inflation. Naturally the effect of this depreciation is being felt on our economy too. It is also natural that those segments and classes who are affected foremost are workers, civil servants, wage earners and other low income people, the protection of whose interests is considered by the Republican government a duty.

It is because of this that in addition to introducing changes in work conditions and fixing minimum pay for them, the cooperative system for civil servants has been revived and has been paying subsidies for some expenses incurred by civil servants and wage earners, etc.

As a result, it is predictable that the balance of payments will have deficits. But, under the present conditions of wanting to keep speed, persistent and uninterrupted development we are apt to import goods and machineries and their import is adequate reason for deficit of balance of payments.

The present position on strengthening balance of payments and eradicating deficits depends, domestically on such factors of our economy as developing industries, import substit-

ution, search for possibilities of expanding exports, reducing superfluous expenditure, expanding production of export commodities and agricultural produce, stabilising domestic prices and bettering fiscal policy, etc.

Here it is better to throw more light on projects being undertaken or will be undertaken by the Republican government. Of course we can not give all the details. Therefore we will concentrate on those areas which have extreme importance in the our nation's economy.

IN INDUSTRIAL AND MINERAL SECTOR: ELECTRICITY:

Aside from its vital importance in cultural and social life, electricity is a big source for developing industries in the country. Its production and consumption manifest real economic growth. The possibilities sought and measures necessary for its expansion taken, including distribution grid and laying of lines, etc., power production has increased. Our total power production in 1352 was 445 million kw/h, in 1353 it was raised to 484 million kw/h and during the current Afghan year it is expected to rise to 544 million kw/h, which shows an increase of 22 percent over last year's.

FERTILISER:

Chemical fertiliser industry was launched in Afghanistan for the first time in 1353. Production of fertiliser has direct relations

with increasing agricultural production. It is also a new item of export. Production of fertiliser in the first year of operation of the factory was 18,000 tons urea and the figure is to rise to 62,000 in five years.

GINNED COTTON:

Ginned cotton which shows increase in cotton crop in Afghanistan, is the primary product for textiles and edible oil. Cotton production has been rising due to natural factors as well as direct assistance given by the Agriculture Ministry and its related organisations since the establishment of the Republican order to cotton growers in the form of fertiliser, high yielding seeds, agricultural credits, etc.

A cursory look at the figures showing steps taken for cotton production in the year preceding the proclamation of Republic in Afghanistan, which is nearest to the years of the Republican order proves our point clearly. In 1353, a total of 62,465 tons fertiliser was given to farmers. This year, 78,750 tons fertiliser will be given to farmers. It is due to such measures that the production of ginned cotton which was 15,000 tons in 1351 has been raised to 26,000 tons and 48,000 tons in 1352 and 1353 respectively. This year's harvest is estimated to be 52,000 tons, an increase of 246 percent over the year 1351.

COTTON TEXTILES:

Concurrent with the expansion of cotton yield,

cotton textiles industry the primary raw material for which is being raised domestically and is not subject to international fluctuations found the opportunity for great expansion. In 1351 textiles production was 45 million metres annually, in 1352 it was raised to 66 million metres and the figure for the current year which also marks simultaneous expansion of Bagrami, Balkh and Gulbahar textile mills is estimated to be 91.7 million metres.

In the field of sugar production too noticeable increase is discernible. Sugar production in 1351 was 8,000 tons, in 1353 it rose to 9,000 tons. Edible oil production which stood at 4,000 tons in 1351, reached 10,000 tons last year. This year the production of edible oil is estimated to be 12,000 tons. On the same line, production of other industrial needs has been raised comparatively.

In the field of minerals and prospecting too progress has been made in the years since the establishment of the Republican regime. For instance, production of natural gas has been raised from 2.8 billion cubic metres in 1351 to 2.9 billion cubic metres for 1353.

Coal production during these years has been raised from 79,000 tons to 115,000 tons. Technical and economic feasibility surveys on some new items such as copper reserves in Ainak, Logar province, have been taken on hand. The area of gas and petroleum prospecting has

been expanded in northern and western parts of the country and during the current year the national petroleum prospecting institute was established to prospect the southern part of the country. It will begin practical work soon.

AGRICULTURE AND ANIMAL HUSBANDRY:

The country's major source of income is agriculture and animal husbandry. At the same time major portion of our manpower resource is employed in this sector. The role of this sector in producing exportable raw materials, raw materials needed for domestic industries, processed exportable goods and obtaining foreign exchange is very big in our national economy. Because of this and on the basis of economic priorities, this sector is one of those which, under the present economic situation in the country, needs capital. Interference in agricultural matters has not been much for centuries. This is why the Republican regime has not refrained from giving assistance in this field. The result of this assistance in the production field is great.

Concurrent with capital investment in this sector, other necessary measures for expanding agriculture and animal husbandry have been taken.

Reviving of the veterinary college within the framework of the Kabul University, establishment of animal husbandry stations in the provinces, expansion

of agricultural co-operatives, etc. are some of the measures taken. The immediate effects of these capital investments and other measures taken has been the raising of agricultural and animal husbandry production in the past two year's of the Republican order.

Wheat production in 1351 totalled 2.5 million tons and the figure for 1352 and 1353 have been 2.76 million tons and 2.867 million tons respectively. The figure is expected to rise to 2.9 million tons during the current Afghan year.

Rice production the year before the establishment of the Republic was 350,000 tons. Ten thousand tons was added to this during the previous Afghan year. Production of oil bearing seeds in 1351 was 34,000 tons but in the years 1352 and 1353 it was raised to 38,000 and 40,000 tons respectively.

Fruit production which from the point of view of trade is important to the country's economy has increased since the inception of Republic. In production of fruits there has been an increase of 5 per cent and 8 per cent respectively in 1352 and 1353 over the year 1351 which was comparatively the best year of the ones preceding the proclamation of Republic in Afghanistan.

Similarly, noticeable increase has occurred in the production of vegetables and corn and maize.

One of the results of increases in agricultural production and animal hus-

bandry in Afghanistan since the inception of the Republican order compared with years before that has been comparative stabilisation of food stuffs and essential goods needed by the general public; while, concurrent with this development here, level of prices because of inflation, increase in fuel and energy cost, etc. has skyrocketed the world over. For instance, the average of annual price increase of foodstuffs in 1353 over its preceding year was about 6 per cent in Afghanistan. More important yet, in some special cases, the average price has reduced. For example, the average annual price of vegetable in 1353 compared with the year before that has fallen by 11 per cent. On the other hand it can be noted that despite percentage increase of international inflation, adoption of measures such as subsidies, etc. The price of non-food commodities has not been more than 10 per cent during the year 1353. While in the same year which was one of the most crisis-ridden from the point of view of inflation in the world, in countries such as ours increase in prices of foodstuffs as well as non-food commodities has not been more than 20 per cent.

Activities related to road building, highway maintenance and supervision and transportation are being expanded further under the guidance of the Republican state, because, the government is well aw-

are of the multiple effects of these sectors on economic as well as social fields and their related projects.

The government's interest in this regard is evident by the plans being prepared for road building, communication and air, and surface transportation, as well as communication. Budgetary allocation for this sector in 1351 totalled afs. 452 million, in 1352 afs. 476 million and in 1353 it was raised to afs. 944.7 million. The figure for the current year is afs. 1421 million. The figures are adequate proofs of the increasing trend of activities in these sectors under the Republican order.

IN SOCIAL SERVICE FIELDS:

Difference in urban and rural life is one of those painful realities which most of developing nations are faced with. Our country too suffers from this bitter reality. To alleviate this difference several years ago a programme was devised under the name of rural development. In 1353 the national and progressive republican government, in realising the problems and needs of the rural populace, revived the old rural development department.

The idea in this revival is accomplishment of those tasks which will cause alleviation of this difference, raising standard of production in villages and the rural people receive more services. For the realisation of this aim, the state has allocated afs. 127.5

million for the state budget for the current Afghan year.

The government's policy in regard to public health is based on the belief that public services, because of their social characteristic should cover all classes of the people. Measured against this belief, during the years of the young republican regime attempt has been made to expand preventive as well as curative medicines and medical and health institutions and organisations be further expanded in accordance with the fixed programme.

During the current Afghan year, 43 basic health centres will become operational and work on construction of another 62 such centres will continue. To meet the personnel needs of these centres, a high medical school has been established within the framework of the public health institute. In order to prevent diseases caused by polluted water, water supply projects are being implemented in the rural areas. During the previous Afghan year, under the environmental hygiene programme, 32 water supply projects were implemented in 12 provinces and 240 hand-drawn water pumps were installed, supplying water to 300,000 people in the villages.

With the establishment of the national T. B. Institute, noticeable success has been achieved in the containment of this disease. The institute's activity now spans in 14 provinces

throughout the country. It will be further expanded to twenty provinces, with the ultimate object of covering the entire Afghanistan.

Smallpox is on the verge of extinction and the campaign against malaria is in full swing during the current year. During the present Afghan year, malaria eradication programme has been launched in seven regions and 28 units. In this sector much more assistance has been attracted, including resumption of the United Nations aid which was cut off some years ago.

HEALTH PROGRAM

Under the Afghan Health Programme, during the current year new preventive and curative medical health establishments will emerge and construction on several of these will be completed, such as vaccines and syrum producing institute, regional hospitals, blood banks, etc.

As a result of measures taken in this sector, hospital-beds during the current year will reach 3,527, the number of doctors and physicians in the civil fields will rise from 1,186 to 1,296.

The objectives of education and training in all developing societies including ours, can not be excluded from:

—Informing the ordinary citizens of their rights and obligations and converting him into informed beings worth participating in social and national life.

—Changing simple man into a man of skill and

professional ability for employment in production and services.

—Founding the structure of an independent intellectual order on the basis of today's scientific and technological principles.

All these objectives can be attained on the basis of creation of a suitable cultural capacity in the individuals of the national society. This capacity, as a segment of social structure reciprocally affects economic and social foundations, causing movement and incitement in other fields. In other words, education becomes an instrument for all round social and economic development.

Modern Education

Despite the fact that relative progress has been noticed in the quality of modern education in Afghanistan and was ushered into the country at least for three quarters of a century ago, its effect on economic and social foundations has been extremely limited and this is why potential possibilities which are hidden in the economic and social structure had remained idle and education has not yet attained the status of a means of development. Therefore, in order to make our education a moving force in potential possibilities in social and economic strategies and utilise investment in education as an instrument in 1353 reforms were introduced which aimed at:

—Improving education

qualitatively as well as quantitatively through better condition of education and creation of better education in this regard;

—Establishment of the ground for permanent literacy for all; and coordination of manpower needs of the country with education.

In accordance with the new education reform, primary education will take eight years and in principle will be compulsory and free.

On this basis, six grade schools have now been raised to eight grade and the secondary rural schools will be gradually phased out. Attempt is being made to coordinate primary school education with the skilled cadre. The idea behind this reform is prevention of unbalanced development of education and unemployment for the educated class.

Therefore, at the completion of the primary education three possibilities exist:

Establishment of short term and long term specialised and vocational training; general secondary education or vocational training. In order to create coordination in this regard, no new rural or primary schools or high-schools will be established during the current year of 1354. The number of general highschools will be gradually reduced and they will be changed into professional schools. During the year in the teacher — student ratio

considerable improvement will be brought about in accordance with the plan.

Campaign against illiteracy to raise capacity of individuals are among the general objectives of education, for the relation of which a special department was founded in 1353. Within the framework of this department, attempts will be made to literate elders between the ages of 18—35. During the current year 7,100 persons are expected to attend these courses.

Seven year plan

In order to assure a prosperous future for the nation a seven year social and economic development plan is being prepared. Planning is not a new phenomenon in our country. About twenty years ago the first five year social and economic development plan was launched in the country. The application of the first and second five year development plans resulted in the country's relative economic progress. But later, instead of maturing, planning deteriorated, and planning became subject to personal opinions and aspirations.

In its modern sense, social and economic development and expansion consist of creativity and application of technological progress in social and cultural life. Application of this motto naturally calls for technical and professional surveys and studies of projects. This

need is specially very important in planning. Under this system lack of such studies means planning without spirit, and nothing remains of it except name and outside appearance. In understanding this, the Republican government decided to prepare its first plan instead of five years for seven years, with due consideration to the fact that in the first two years of the new plan the unfinished transferred projects from the third and fourth five year plans which forms major investments will be completed. Concurrent with this, surveys and studies of projects which will be included in the seven year plan will be undertaken and completed. It is obvious that these projects will be included in the general plan and after completion of their surveys will be executed within the framework of yearly plans.

Such a method on the one hand adds to the wealth of the national plan of social and economic development and on the other accords with the reality of our society. Needs of the country will be met within fixed time, in accordance with the plan, and headway will be made in the direction of the establishment of an independent national economy.

Based on this principle, the development programmes of the next seven year plan will be applied in the following fields with due consideration to effective-

ness and balance:

AGRICULTURE AND IRRIGATION SECTOR:

Attainment of agricultural growth needs maximum utilisation of water resources of the country. The traditional form of using water has reduced effectiveness of utilisation of water resource to its minimum.

Because of this, during the next seven years attempts will be made to, through construction of irrigation systems based on scientific designs, on the one hand, increase effectiveness of traditional networks and on the other, through construction of big irrigation projects such as Khoshtaipa, Harirode, Grashmai Shafa and Kailagai which are considered most important projects in the country, expand irrigation area by a great margin. A brief summary of these projects is:

With the construction of the Harirode project, not only about 30,000 kw power will be produced, but also more than 182,500 acres of land will be brought under irrigation and as a result of using other manpower and natural resources in the area, opportunities for building other industries will be provided. The level of employment, above the manpower resources of the area, will rise.

The basic aim of the Khoshtaipa irrigation project is the complete survey and study of the bank of Amu River as the most powerful natural resource of the country. With the completion

of this project, the first stage of construction of which comprises building of a huge dam on the upper part of the Amu River, more than 250,000 acres of land will be brought under irrigation and with due consideration to the soil and climatic conditions of the area agricultural production will rise greatly. Its surplus products will play an effective role in balance of trade as in the balance of payments of the country.

While mentioning major projects embodied in the seven year plan and their role in the country's economic life particularly in the state sector, it should be mentioned that the young Republican regime has been paying serious attention to promoting and developing private capital investment within the framework of the seven year Republican plan.

In addition to major projects referred here, survey and construction of tens of projects in different economic and social spheres will be included in the seven year plan.

IN THE AGRICULTURE, IRRIGATION AND ANIMAL HUSBANDRY FIELD:

1. All-purpose development of Lower Helmand;
2. Expansion of cattle raising services in Ghor, Badghis, Jozjan, and Far-yab provinces;
3. Survey of higher Helmand valley for all-purpose development;
4. Construction of Kunduz-Khanabad irrigation

project;

5. Construction of poultry farm, with the capacity for five million chicken and 70 million eggs annually along with feeding centre. and Kabul airport terminal.

6. Economic and technical feasibility of Konar River with a view to its maximum utilisation for power and water of the river.

7. Technical and economic feasibility survey of wool factory;

IN INDUSTRIAL, MINES AND ELECTRICITY SECTOR:

1. Expansion of the production capacity of the present fertiliser plant or building a new such plant.

2. Technical and economic feasibility study of the copper smelting plant;

3. Expansion of the storage capacity of Khwaja Gogerdak and equipping the Jarqadouq reserve;

4. Establishment of the spindle mill in Kunduz;

5. Building a spindle factory in Balkh.

6. Building a dyeing factory in Puli Khumri;

7. Survey and project making of the bakery mill in Kabul.

8. Survey and project making of the bakery mill in Herat.

9. Survey and project making of the experimental bakery in Mazare Sharif.

10. Expanding the production capacity of the present bakery in Kabul.

11. Building a silo in Mazare Sharif.

12. Building a grains mill in Herat.

13. Building Mazare Sharif silo.

14. Establishment of a complete laboratory for mineral resources analysis.

15. Construction of a tannery in Ghazni.

16. Construction of a caustic soda factory.

17. Establishment of an asbestos producing unit for cement factory.

18. Construction of a glasswares factory.

19. Construction of a shoe factory and tannery in Herat province.

20. Revival of the present cotton spinning mills.

21. Equipping and developing the coal mines in Darai Souf.

22. Expansion of the production capacity of Kandahar Fruits Company.

23. Laying of power lines between Naghlu and Jalalabad.

24. Completion of electrification grid in northern part of Kabul.

25. Laying of Kajakai power line.

26. Establishment of the thermo-electric power station as well as diesel power station in Herat.

IN THE FIELD OF TRANSPORTATION AND COMMUNICATION:

1. Construction of Hairattan bridge over Amu River.

2. Construction of the Kabul airport terminal.

3. Construction of six local airports.

4. Construction of flight information centre and project-making of Logar airport.

5. Establishment of microwave project, with 300 lines channel between Kabul and Kandahar and 120 lines channel Kandahar-Herat-Islam Qala.

6. Establishment of the 120 lines channel microwave system between Kabul-Torkham and tropometre between Jalalabad and India.

7. Expansion of telephone stations between Kabul — Kandahar — Herat — Mazare Sharif and establishment of several new ones in some provinces of the country.

IN SOCIAL SERVICES AND CULTURAL FIELD:

1. Construction of 250-bed hospital in Kandahar.

2. Construction of 200-bed hospital in Herat.

3. Construction of vocational schools in some provinces.

4. Establishment of film studio.

5. Establishment of acoustics studio.

6. Construction of Afshar water supply system.

7. Establishment of trolley bus service to expand transportation links.

8. Expansion of water supply system in different parts of the city.

9. Establishment of television station.

10. Expansion of Radio Afghanistan's receiving / transmitting capacity.

Both types of projects—the ones only named and the ones given in detail—will be undertaken for execution after completion of detailed technical and economic studies. Decision on implementing a project de-

pends more on technical and scientific considerations than sheer economic feasibility.

I end my speech with this statement of our national leader who in his address to the nation has said:

'In accordance with the requirements of social evolution we shall forge ahead, step by step, with assistance of God Almighty and cooperation of the people and in accordance with the plan for executing structural changes in the economic, social and political life of the society. The Republican state will move ahead, step by step, reviewing social situation and with due consideration to the economic situation will attain public benefit and create a strong national economy with self reliance.

Long Live Afghanistan,
Long Live Republic.

Translation of the text of the speech broadcast over Radio Afghanistan by President and Prime Minister Mohammad Daoud on Wednesday evening on the Second Anniversary of the Republic, July 17, 1975.

Dear countrymen:

I am grateful to Almighty God for affording me an opportunity at this auspicious hour of the second anniversary of the national resurrection to offer my hearty congratulations to you dear colleagues; to you the selfless armed forces of Afghanistan and to you dear sisters and brothers for hailing from the first moments this national uprising with open arms and warmth, and your support and endorsement made it possible to realise a series of our common and cherished desires during the past two years.

The significance of this day lies in the fact that the establishment of the Republican order in our country has a very important meaning. The revolution of 17th July, 1973, is probably due to many factors, but the major cause, I think, was the absence of a national objective and ideology in the previous system, because the system was like a great obstacle for the pace of growth of the society and it was incapable of realising the material and spiritual needs of our nation. It was for this reason that the revolution of the social conscience of the people against the previous imposed political order led to the establishment of the Republican order in Afghanistan.

But the difficult stage in revolutionary work begins after the success of the revolution. The transfer of political power from one hand to the other and from one system to another is truly a difficult task, but even more difficult than this is the creation of a model and desirable society which must be the logical outcome of every social system. We must not believe that we have accomplished everything on July 17th; that great date constituted only the point of departure of our nation toward victory, but a proper and logical point.

President Addresses the Nation

However, it must be realised that many difficulties confront us. Our first difficulty is to rid our nation from ideological penury.

Over a period of hundreds of years under the influence of a medieval system we have lost our motive power and before everything else we are in need of building another thing—the building up of the personality of our nation; the building up of the quality that is the sole means of our salvation, unity and strength.

For this purpose we are in need of drafting and formulating the theory of the national and people's revolution of the nation of Afghanistan and this task must be accomplished on the law of social evolution and proportionate to the social consciousness of the people, because revolution without experience and every measure without preparing for victory end in failure and these objectives are not attained except that we should associate practically the entire or at least the majority of the people of Afghanistan with the titanic task of national reconstruction in Afghanistan, and by recognising the temperament of our society and nation, we should discover the theory of revolution in Afghanistan and then try to implement it.

As I have stated repeatedly I say again that social difficulties cannot be solved by words alone. We should give practical proof that we are interested in our homeland, because many people are devoted to this soil, but are not prepared for sacrifices while

we should give sacrifices; sacrifices for a belief and an ideal; sacrifices for love and a dream; and sacrifices of everything that is suitable for progress of our homeland. Our society is in need of a revolutionary training for the revival of its personality, but the moral, social and spiritual revolution of our people is not attainable without change in the social situation. The Government of the Republic of Afghanistan is endeavouring to clean the minds of the people of this country of old and obsolete ideas of the past and to align them with the national spirit and acquaint it with the moral principles befitting a progressive society conforming to the modern age.

The static production method of past centuries is no longer capable of maintaining the poverty-stricken and inherited life of the society even in the same level of the previous state.

Ideas and social institutions which may desire to profit through exploitation can have no place among our people because now the Government of the Republic of Afghanistan is vigorously trying to fill the gap between the society and the State, and by blending together these two social phenomena, create a single element for the exercise of national sovereignty.

In this regard the Government is endeavouring always to have the initiative for implementing social reforms and to strive in the vanguard of the true patriots of this soil for applying social and economic justice.

We have numerous th-

ings in our homeland. The natural wealth of the nation of Afghanistan is our largest asset for a better life, and we can utilise these considerable resources for building a new and self-dependent Afghanistan. The natural reserves and resources of our country are increasingly strengthening our hope for a bright future for the Afghan nation.

But, as science has proved, unfortunately there is a large distance between discovery and exploitation. The Republican Government in order to exploit these resources as rapidly as possible, in addition to harnessing local human energies, has also obtained unrestricted aid from friendly countries.

This assistance at this opportunity enables us to study and formulate our projects and plan on scientific lines and to seek specific remedies for specific ills.

By distinguishing between the foremost and terminal difficulties the Government will formulate and implement the seven-year development plan in such a way that it may remove as far as possible the immediate and urgent needs of the society and expedite the elimination of the causes of backwardness.

We are endeavouring to make our way of thinking and acting compatible in all ways with the social criteria of our own, and insistence on this point should not be construed as national narrowmindedness.

The patriotic and nationalistic content of our people is humanitarian and unprejudiced, and we hope

that this may prove fruitful in serving mankind.

Our struggle to strengthen national independence and economy is a logical projection of the struggle of the freedom-loving nations of the world.

Anyway, nationalism will constitute the spirit of our social relations at all times and we want to seek logical and national solutions for building the future society in accordance with the wish and requirements of our own society.

Dear Compatriots,

Afghanistan's foreign policy, is founded upon the principles of non-alignment, independent judgment in all international affairs, positive and active neutrality, peaceful coexistence with all peaceful countries of the world and positive and fruitful cooperation with them.

The Republic of Afghanistan is a loyal and active member of the United Nations and by pursuing the United Nations Charter, it is striving for preserving and strengthening world and regional peace and security, and promoting and expanding positive and fruitful cooperation among countries. No change has occurred in our stand on international issues and problems and is the same as has been stated by Afghanistan's authorised representatives many times in international gatherings and meetings. We have strong and inconvertible belief in the principle that in the shadow of peace, and under conditions of security and tranquillity alone can countries achieve national progress and procure the means for the welfare and comfort of their people.

Afghanistan has realised that in the present-day turbulent world the best means of relaxing and removing tensions and crises, and strengthening and expanding relations and co-operation among the countries of the world, and consequently for preserving and strengthening peace and security lies in true adherence to such a foreign policy, to implement which we have strived through strengthening and expand-

ing relations and cooperation with all friendly countries and personal contacts on various levels with the leaders of friendly countries as well as by taking an active part in international gatherings and concluding agreements with different countries. As a result of these visits and contacts we have succeeded in understanding each other's stand on matters of interest and reaching agreement on fruitful cooperation in different spheres.

The agreements concluded through contacts and talks with the various quarters in the friendly countries in the different economic, technical and other fields, details of which have been published at the proper time, are another sign of Afghanistan's active and peaceful policy.

At this point I consider it necessary to express the heartfelt thanks of the Government and people of Afghanistan for the valuable cooperation and assistance given by all friendly countries and international organisations for the economic and social development of the people of Afghanistan and which have been helpful to the efforts of the Republican order in this direction.

The only country with which, regrettably, we have been unable to establish friendly relations and co-operation as necessary, despite efforts, is Pakistan and the only obstacle existing in this regard, which we have been unable to remove, is the settlement of the only political difference between us over the realisation of the legitimate rights of our Pashtun and Baloochi brethren.

In conformity with the firm belief in the solution of issues by peaceful means and through talks, we have always endeavoured that the only political difficulty between us and Pakistan may find a solution acceptable and satisfactory to our Pashtun and Baloochi brothers and their national leaders. With the understanding that no provocation, subversion and even threat by the Government of Pakistan can bring about

any change in Afghanistan's stand on this issue, we shall continue with the utmost goodwill our efforts and just solution of this issue.

The major cause of political and social upheaval in human societies can be sought in economic problems.

Therefore serious thought and attention concerning this subject are the most important duties of a national and revolutionary Government.

The 17th of July should not be counted only as transfer of political power from one to another system, but as the beginning of an economic and social change of the Republican order.

Because it is after this date that suitable conditions and grounds for the application of basic, fundamental and progressive reforms in economic and social life have been or are being achieved.

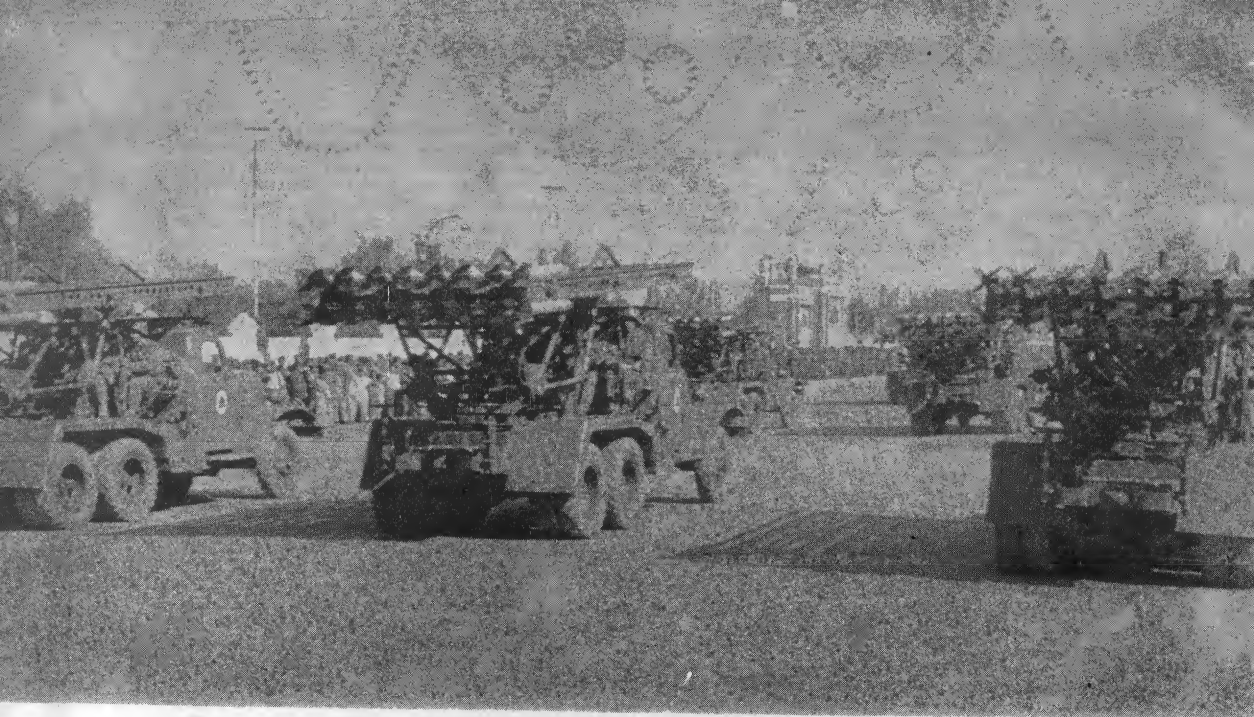
Two years have now passed since the establishment of the Republican order in the country. During this period the Government has spared no effort in applying and implementing basic and fundamental reforms.

Fortunately, all these efforts have not been fruitless and their results have not been without effect in various economic and social spheres, and I hope that their practical and beneficial results may emerge better in future.

As you countrymen are aware, on the eve of the uprising on July 17, 1973 the country was economically and socially in a deplorable position and an undesirable condition. Maximum advantage was not taken of the natural resources of the country to improve and better the life of the people. In other words although the system of planning had apparently been adopted to organise the exploitation of these resources, yet in practice this system was subject to the interest and desires of a limited number of the strong and the influential, and the interests of this number were above those of the masses constituting the majority of

the people of our country. In conformity with this principle no positive work for upholding the interests of the public could be expected and steps in this direction were taken less on the basis of national interests and ideology. Due to these factors and because of the absence of attention to the system of economic administration the economic situation in the country deteriorated. To fight against this situation and conditions with available means and possibilities was not and is not an easy matter. However, the Government gradually and steadily took, and is taking steps for basic and fundamental reforms in the economic and social spheres inasmuch as after maintaining security, that is the vital need of every order, turned to the task of organising those processes which play an effective part in the growth of the country's economic and social life by formulating a number of laws and regulations. Among the major laws formulated in the field of organizing customs, commerce, public enterprises and private investment and others was that Banking Law the main purpose of which was the creation of a sound economy beneficial to the majority of the people. As the dear countrymen know the sole objective of private banks is to make the maximum profit for the benefit of a limited number of shareholders and, therefore, their activity is limited to the sphere whence they can derive the greatest profit. On the contrary the national banks do not work for absolute gain, but their development cover all public sectors for the true realisation of the needs of the public. On the basis of this principle the Republican Government by keeping in view the achievement of the welfare and prosperity of the majority of the people of Afghanistan, and the dissemination of social justice, took steps for preparing the Banking Law for the purpose of nationalising them, and it is

(Continued on page 28)



JULY 17 1975



Our National Leader, President and Prime Minister Mohammad Daoud, reviewed a military parade on Thursday morning, July 17, held on the occasion of the second anniversary of the founding of the republican regime.

The founder of the republic arrived at Chaman amidst a wave of jubilation and enthusiasm of tens of thousands of citizens who had lined up along Wazir Akbar Khan avenue.

As the President arrived at Chaman, the music played the national anthem of the Republic of Afghanistan, and a thirty two gun salute was fired. Chief of Staff, Gen. Mustaghni, then presented the military units to the National leader who reviewed them.

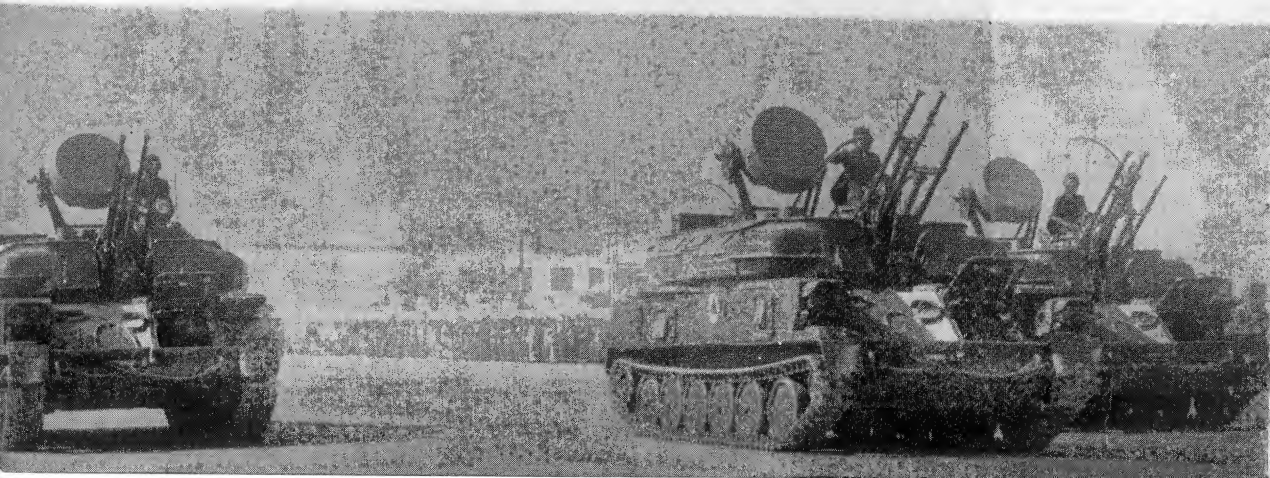
The President then came to the reviewing stand where he was welcomed by Mohammad Naim, Deputy Prime Minister Dr. Mohammad Hassan Sharq, members of the Central Committee, the Cabinet and their wives.

The parade began after the music band took its position in front of the presidential reviewing stand.



Included in the parade were Gen. Ghulam Haidar Rasouli, Commander of the Central Garrison, students of Military Academy, military schools, Cadets School, the Republic Guard, a mechanised division, and units of reconnaissance, **intelligence, communications, commandos, paratroopers,** artillery, rockets, anti aircraft, tanks, and formations of fighters and bombers. While the mechanised units were marching past formations of helicopters flew overhead.

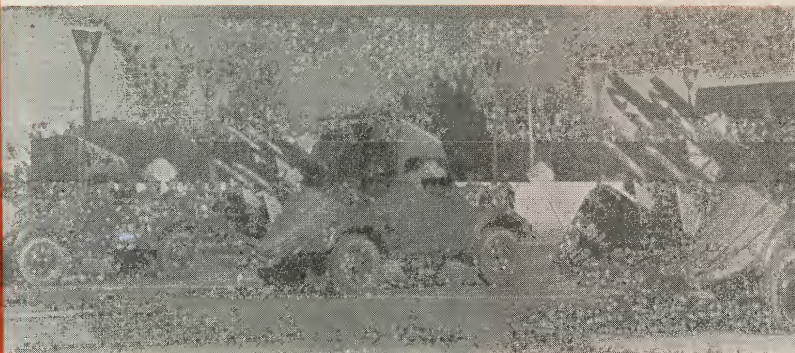
At the end of the parade, Mohammad Naim, Dr. Hassan Sharq, members of the Central Committee, and the Cabinet and their wives, heads of the diplomatic missions, and military attaches of the friendly nations conveyed their felicitations on the occasion of the second anniversary of the founding of the Republic of Afghanistan to President Mohammad Daoud and Mrs. Zainab Daoud.



JULY

17

1975



“AFGHANISTAN'S FOREIGN POLICY,
IS FOUNDED UP ON THE PRINCIPLES
OF NON-ALIGNMENT, INDEPENDENT
JUDGMENT IN ALL INTERNATIONAL
AFFAIRS, POSITIVE AND ACTIVE NEU-
TRALITY, PEACEFUL COEXISTENCE
WITH ALL PEACEFUL COUNTRIES OF
THE WORLD, AND POSITIVE AND FRUI-
TFUL COOPERATION WITH THEM”.
(PRESIDENT DAUD).

